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WHOLESALE PRODUCE MARKETS

• Management • Operating Expenses • Income

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AGRICULTURAL MARKETING SERVICE
in cooperation with the NATIONAL ASSOCIATION OF PRODUCE MARKET MANAGERS

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* * *

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WHOLESALE PRODUCE MARKETS—MANAGEMENT, OPERATING EXPENSES, AND INCOME

By J. Stanford Larson, marketing specialist,
Transportation and Facilities Branch, Marketing
Research Division, Agricultural Marketing Service 1/
in cooperation with
National Association of Produce Market Managers

INTRODUCTION

Previous research by the Transportation and Facilities Branch on wholesale produce market facilities has been limited to studies of the adequacy of existing facilities for the purpose of developing plans for their improvement. Such studies have been made in a number of cities and producing areas throughout the United States. After recommendations by the Branch, new market facilities have been built in many localities, including: Hartford, Conn.; Columbia and Greenville, S. C.; Atlanta, Augusta, and Savannah, Ga.; Miami, Fla.; Jackson, Miss.; Dallas, Houston, and San Antonio, Tex.; St. Louis and Kansas City, Mo.; and Indianapolis, Ind. However, if the market is not well organized, properly financed, and well managed, the benefits from a good plant layout may be lost.

In this study, an effort was made to develop factual data that would be helpful to those who are now managing markets, in bringing about improvement in their operations, and would be useful to persons who are planning the development of new markets.

About 45 wholesale markets were visited, their operations observed, and records obtained (fig. 1). These markets were selected to give representative samples of different types of market organizations and classifications. Markets were studied in various locations throughout the country so that local circumstances might be considered.

One objective of this study is to present data on the operating expenses of markets of various types and sizes which will provide a more realistic basis than heretofore has been available for estimating these costs. Also, the necessity of having sufficient income to meet operating expenses and pay the cost of building markets is recognized, and possible sources of revenue are considered.

It should be pointed out that in using the material in this report variations in local conditions must be considered carefully. No two market situations are identical, but major factors in the operations of every market are very similar to those found in other markets. Therefore, it is believed that carefully selected information about operating practices can be of use in the improvement of market operations.

Although the information used in this study was obtained from markets in operation, it is so presented that the operations of any one market are not disclosed.

1/ J. Stanford Larson has resigned from the Agricultural Marketing Service.

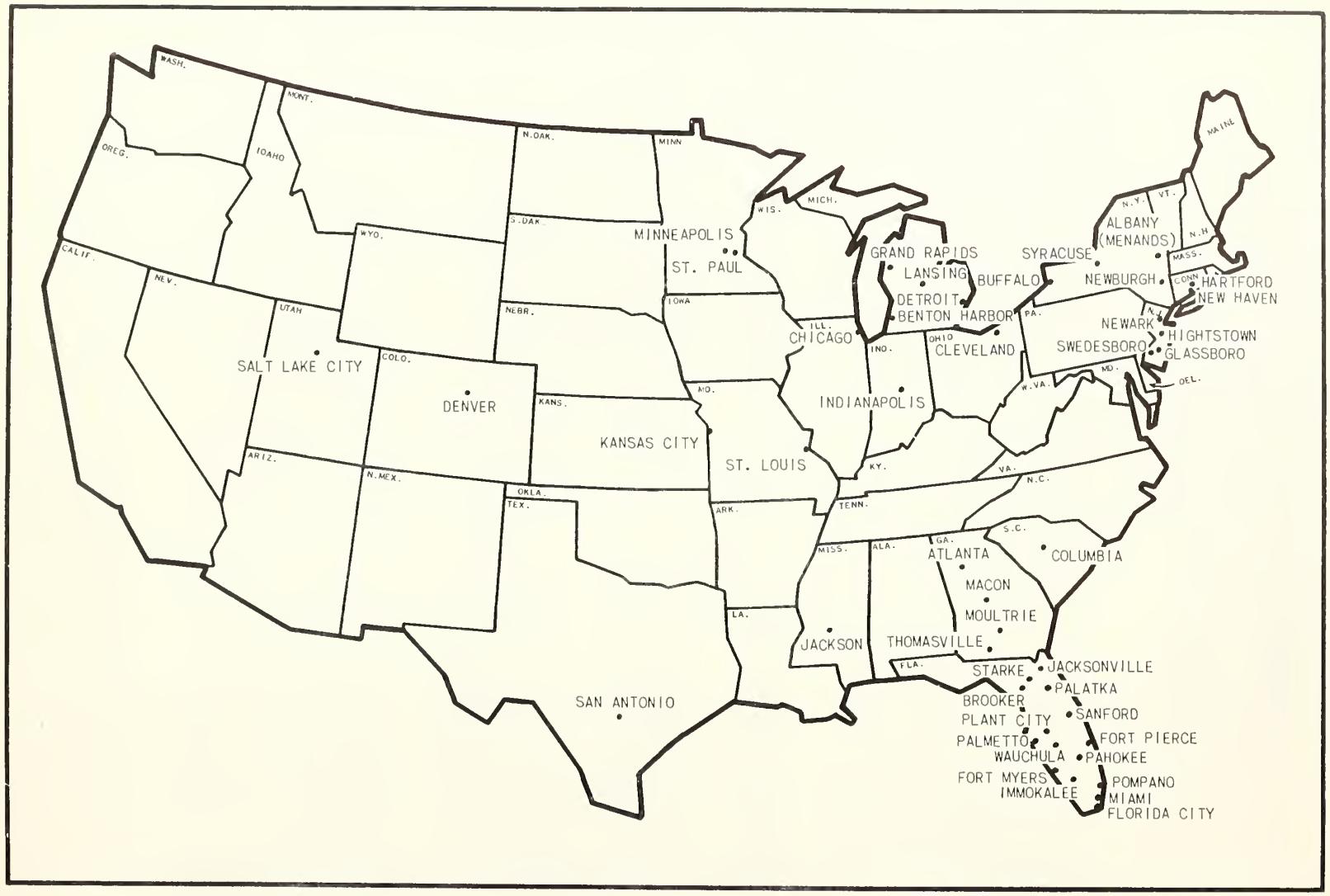

Figure 1.--Location of markets studied.

CLASSIFICATION OF WHOLESALE MARKETS

For the purposes of this study, wholesale markets are divided into three classifications: (1) Terminal markets, 2/ (2) farm-assembly markets, and (3) terminal-assembly markets.

Terminal Markets

In every large city of the United States there is a wholesale terminal market or wholesale market district in which fruits, vegetables, meats, poultry, and other farm products are assembled for distribution to retail and institutional outlets.

As these terminal markets are located in predominantly consuming areas, most of the produce that is sold on them must come, of necessity, from distant growing areas. For instance, Cleveland in 1952 received rail and truck shipments of fruits and vegetables from 45 States and 7 foreign countries (fig. 2). This situation in Cleveland is not unusual but is similar to that at other terminal markets.

A typical wholesale terminal market is made up of a variety of food-handling facilities (fig. 3). Some of the facilities that are usually included are as follows: (1) Stores for merchant distributors of fresh fruits and vegetables, meats, poultry and eggs, and other farm products; (2) farmers' sales sheds; (3) offices for food brokers and others associated with the food industry; (4) a truckers' warehouse; (5) prepackaging facilities; (6) team tracks; (7) warehouse for dry grocery wholesalers; (8) refrigeration facilities (at least one market has a locker plant); (9) garage; (10) service station; (11) restaurant; (12) branch bank; (13) fruit auction; (14) an intercommunication system; (15) chain store warehouse; and (16) public scale.

In cities such as Cleveland, Chicago, Buffalo, (fig. 4) and St. Louis the terminal markets are organized and have been built and developed according to a plan. Each of these markets is under the supervision of one organization and thus has an overall management which makes and enforces rules and regulations governing trading and the movement of produce. In many of our large cities, however, the wholesale food markets are not organized. They consist of a district in which the wholesale marketing of farm produce is carried on in a haphazard, inefficient manner in traffic-congested areas (fig. 5). They have no rules governing their activities other than such uniformity of operation as may be enforced on them by labor agreements or by city police and health rules. This is true of markets in cities such as New York, Philadelphia, Baltimore, Boston, and Milwaukee.

In several of the larger cities there are two or three wholesale markets, but as a rule only one of these might be termed a primary market. The additional markets have been built because the original market could not be expanded to meet the needs of a growing city or to serve as secondary markets operated primarily by jobbers who obtain most of their supplies in job lots from the primary market and then resell them to retail merchants in their areas of the city. A number of smaller cities have wholesale markets patterned very much along the lines of large city terminals. The principal difference

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2/ Such markets in the large cities of the country are sometimes called *central markets*.

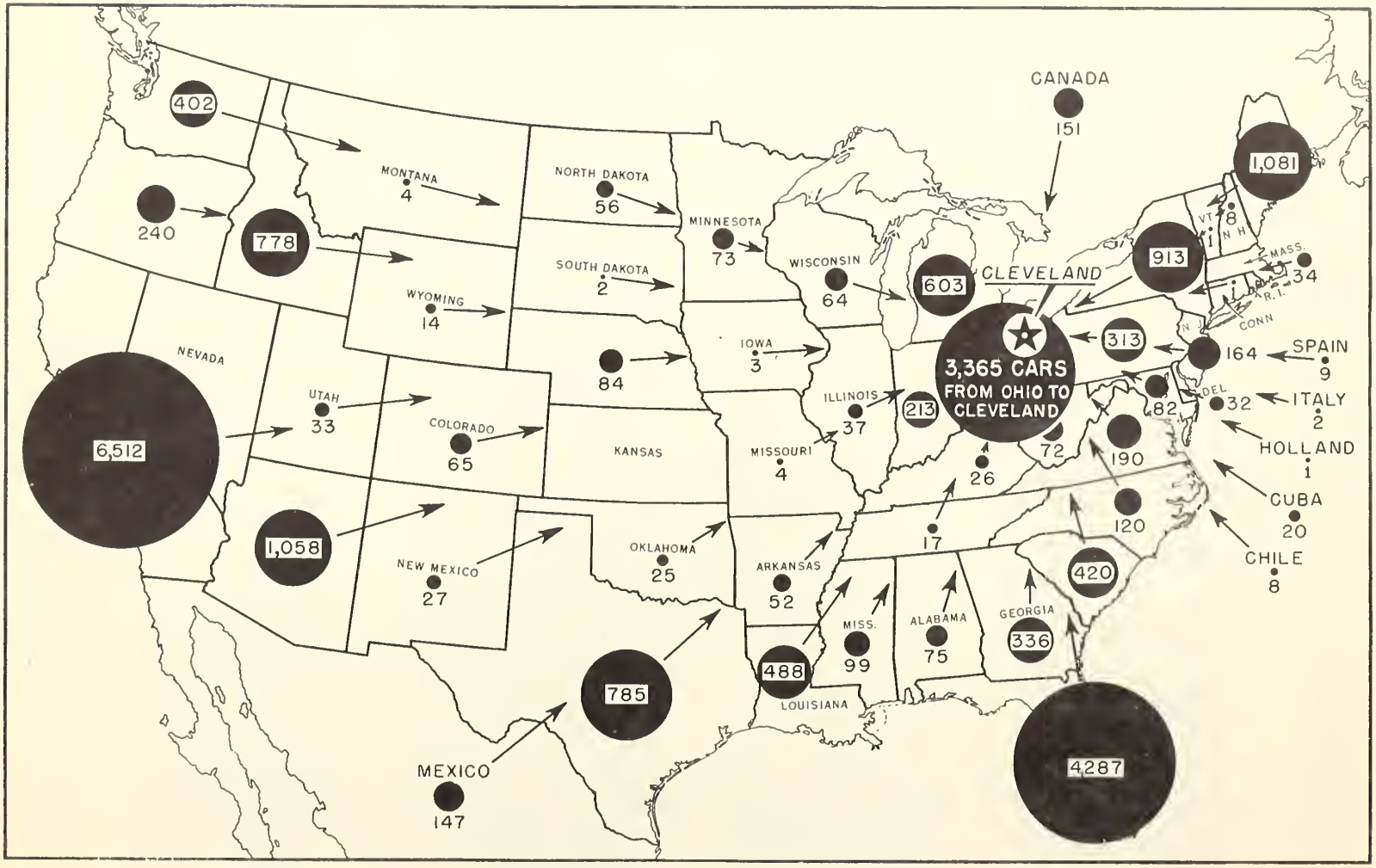


Figure 2.--Origin of fresh fruit and vegetable receipts at Cleveland, Ohio, 1952. Source: Market News Service, AMS, USDA.

1-2-3-4 Wholesale Produce Buildings
5 Public Cold-Storage Warehouse
6 Fruit Auction
7 Wholesale Grocery Warehouse
8 Chain Store Warehouse

Figure 3.--Aerial view of the Northern Ohio Food Terminal, Cleveland, Ohio.

Figure 4.--Aerial view of the Niagara Frontier Food Terminal Market, Buffalo, N. Y.

Figure 5.--Street traffic in the Faneuil Hall Market, Boston, Mass. on a busy forenoon.

is in the size of operations. Examples are San Antonio, Tex. (fig. 6), and Denver, Colo. (fig. 7), which have built modern terminals within the last few years.

Although complete figures are not available to show just what part of the city's perishable food supply passes through these wholesale terminals, it is known to be substantial. In some cities where surveys have been made, from 70 to 86 percent of fruits and vegetables and a similarly high percentage of other farm products pass through the hands of independent wholesalers in terminal market districts. In most cities that have up-to-date markets practically all of the produce consumed in the area except that handled through chain store warehouses passes through them. Figure 8 shows area of distribution of items sold on the St. Louis market.

Farm-Assembly Markets

Another general type of wholesale market is the country shipping point or farm-assembly market (figs. 9 and 10). Illustrations of the farm-assembly market are the markets at Pompano, Ft. Pierce, and Plant City, Fla.; Thomasville, Ga.; Benton Harbor, Mich.; and Swedesboro, Beverly, and Hightstown, N. J.

Frequently, these markets are referred to as *farmers' markets* because they are located in production areas and the farmer handles the sale of his own produce. The principal function of this type of market is to provide facilities for the assembly of farm products in sufficient quantities to attract buyers. In some markets there are facilities for cleaning, grading, sizing, packaging, and processing. For the most part, the merchandise bought on these farm-assembly markets is for shipment to terminal markets in metropolitan areas where it is resold by wholesalers to retail customers (fig. 11).

On most farm-assembly markets, either the market organization itself or a private firm has available for sale to farmers supplies of containers, packaging material, seed, fertilizer, and other production materials.

Some of the larger farm-assembly markets have telegraph facilities, restaurants, offices for brokers, buyers, growers, and representatives of transportation agencies, Federal market news service, and a market manager. They have a communication system whereby immediate contact can be made with all parts of the market at all times. A buyer can be called from any place in the market to the telephone (telephone booths are conveniently located throughout the market) or to the telegraph office.

On some markets, inspection service is provided. Some State laws make the inspection of certain products mandatory. On other markets, all products sold in closed packages must be labeled to show the grade of the products. If the buyer feels that the product does not meet the specifications of the grade indicated on the package, he can request an inspection and the inspector's determination is final as to the quality of the products. Both the buyer and the seller must abide by this decision.

Auction and private sales are used by farm-assembly markets. In New Jersey sales are almost entirely by auction. Markets in Florida and Georgia use both the auction and the direct sales method. Benton Harbor, Mich., sells its produce entirely by private sales between buyers and sellers.

1 Administration Building
2-3 Wholesale Produce Buildings
4-5-6-7-8-9 Farmers & Truckers Sheds
10 Ice House
11 Service Station

Figure 6.--Aerial view of the San Antonio Produce Terminal Market, San Antonio, Tex.

1 Approach from 23rd Street Viaduct
2 Broadway Viaduct, with wide, uncongested trafficway to and from market
3 100-car garage, fronting large parking area
4 Jobbing warehouse used by long distance truckers
5 15-unit jobbers building
6 Grocery warehouse
7 10-unit, 1-story produce building
8 10-unit, 2-story produce building and brokers' offices
9 Growers public market
10 Growers public market
11 Growers public market
12 Administration building
13 12-unit truckers' building
14 Railroad team tracks
15 Railroad main line
16 City retail trade area, for use by local vendors

Figure 7.--Aerial view of the Denargo Food Terminal Market, Denver, Colo.

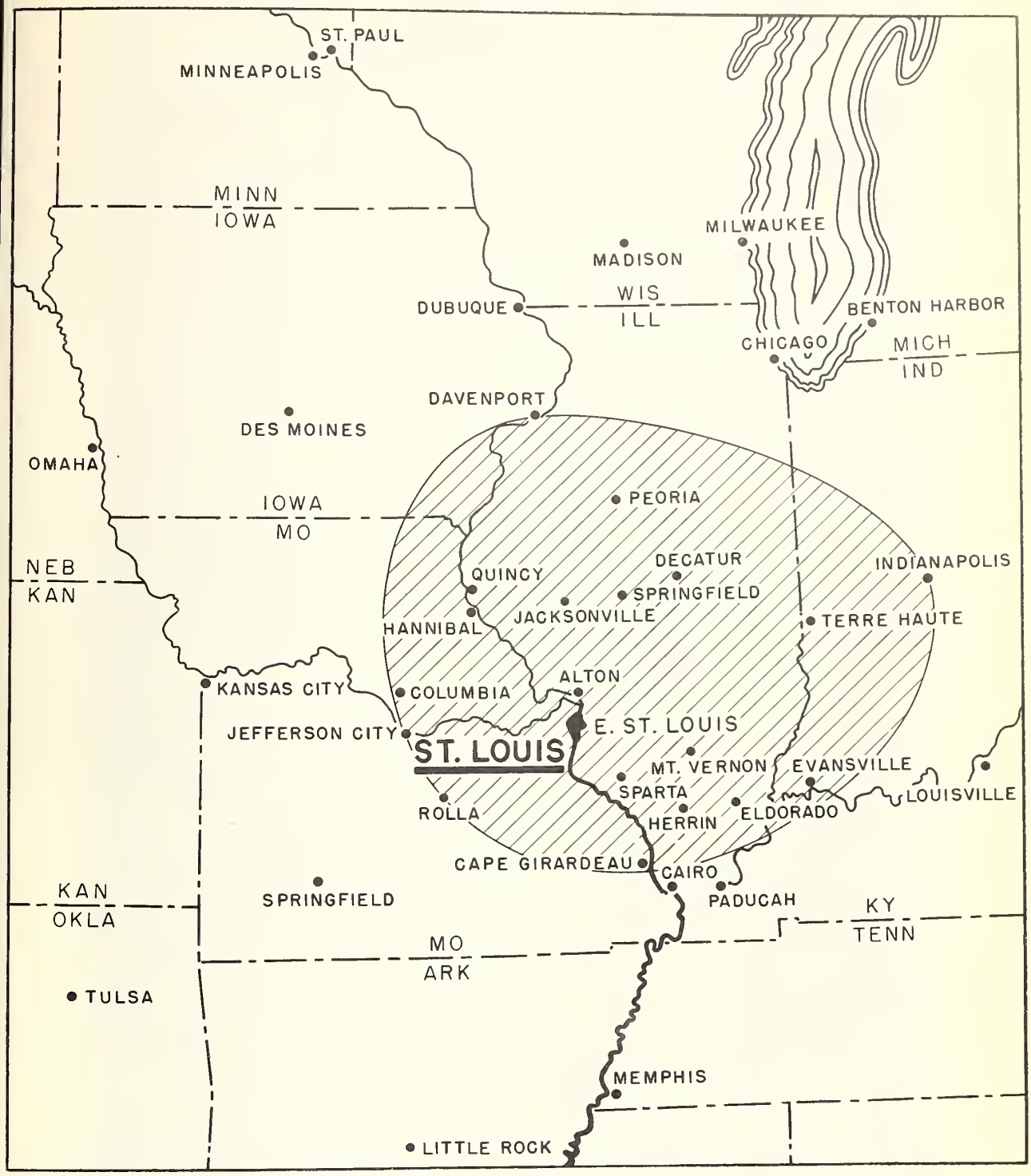


Figure 8.--Area of distribution of St. Louis Market.

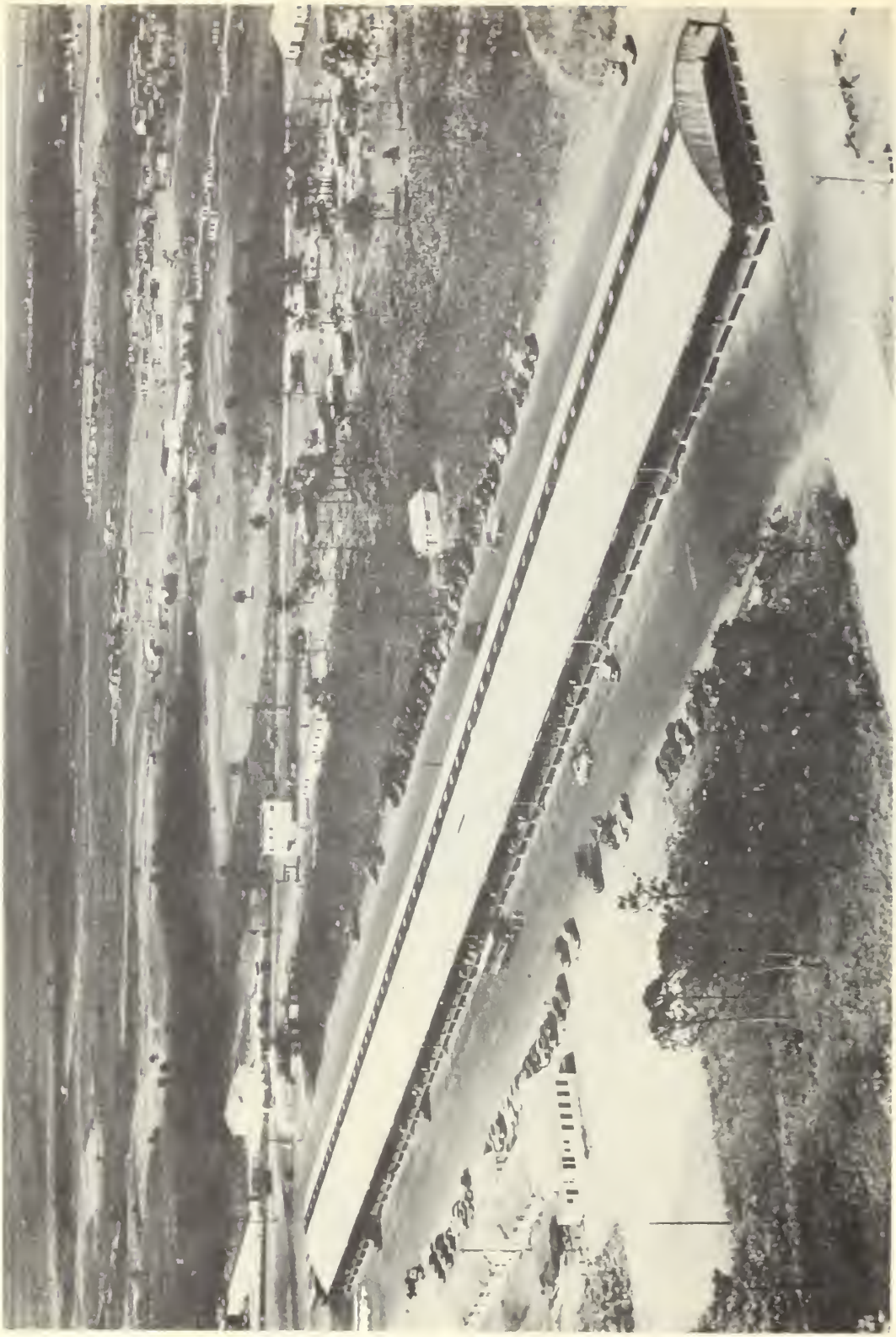


Figure 9.--Large Farm-Assembly Market at Pompano, Fla.

Figure 10.--Florida State Farmers' Assembly Market, Plant City, Fla.

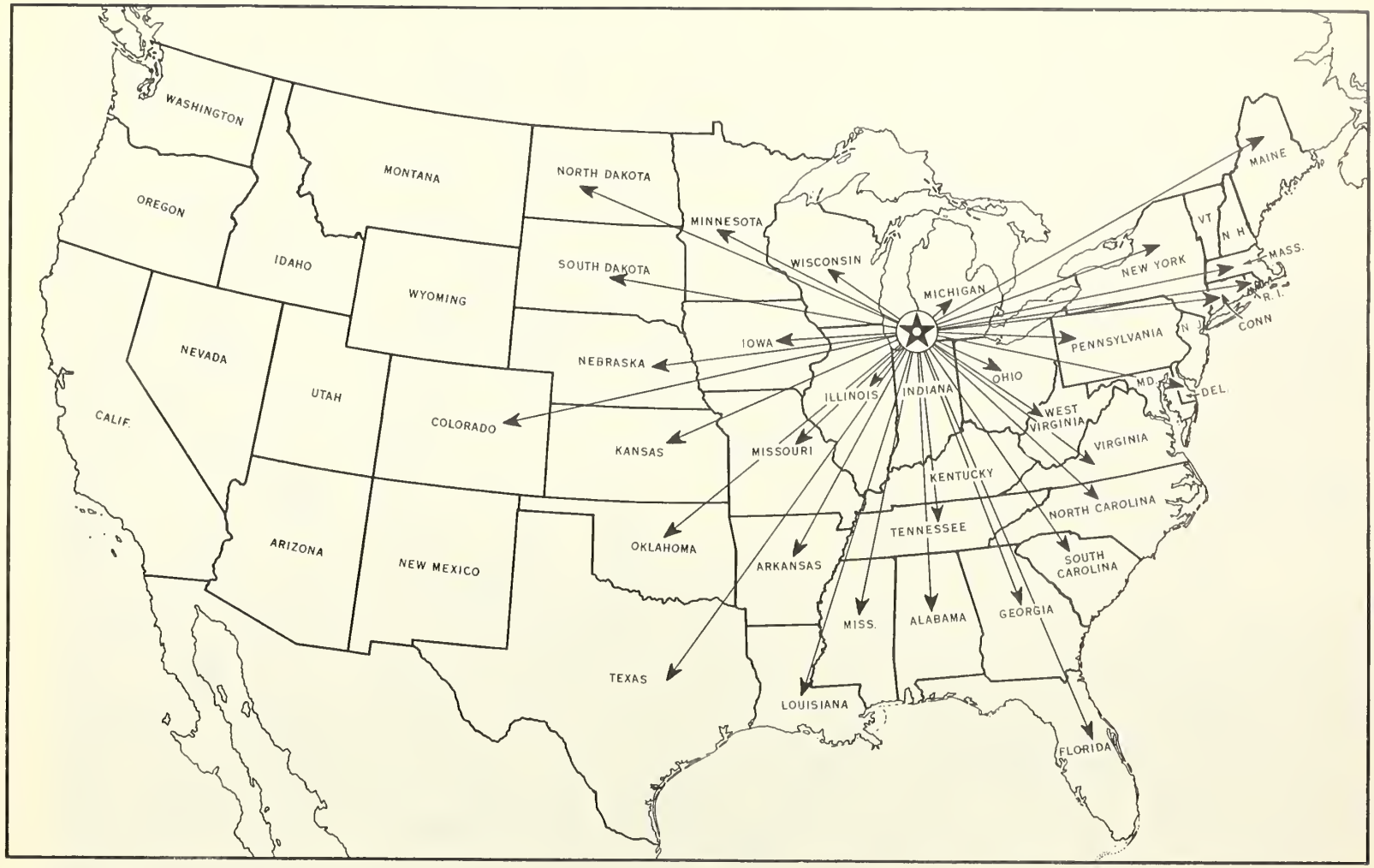


Figure 11.--Produce sold on a large farm-assembly market is distributed over a wide area. Map shows States to which farm products move from the Benton Harbor Fruit Market, Benton Harbor, Mich.

At auction markets (fig. 12) an auctioneer sells each seller's load or lot to the highest bidder at a public sale. Each kind of product or each unit in the lot is sold separately. Bidding is usually on the basis of a sample of each kind or unit of product of the same size, grade, and variety. Buyers, however, are usually permitted to examine the entire load if they wish to do so. Bidding is open to the public so that both buyers and sellers know the prices for which each lot is sold. The seller has the privilege of refusing to make the sale if the highest bid is not satisfactory. When a seller rejects the highest bid, he may remove the lot from the market or offer it again during the same sale.

Figure 12.--Farmers' Auction Market at Swedesboro, N. J.

At most private-sale markets, the sellers negotiate privately and directly with the buyers. At a few markets, growers place their products with selling brokers who act as their sales agents. The latter method is used almost exclusively at the Pompano, Fla., State Farmers' Market, but space is provided on the sales platform for growers who wish to sell their own products. The popularity of the selling broker on the Pompano market can be attributed to the fact that relatively large quantities are sold by most growers who use this market. These growers operate large farms and find that it is more profitable for them to spend their time at the farm supervising harvesting operations, with the responsibility for selling the products assigned to an agent, than it is for them to carry on both functions.

Terminal-Assembly Markets

A number of cities have wholesale markets which combine, to a large extent, the functions of both the terminal market and the farm-assembly market. These are mostly cities having a metropolitan population of from 100,000 to 500,000 and located in an area where rather large quantities of farm produce are grown--much more than enough to meet the local demand for those commodities during the harvest season.

These markets have facilities, commonly found in terminals, for handling local wholesale distribution of produce. At the same time they have other facilities for performing the function of assembly markets in helping to move locally grown produce to other consuming areas.

Although most terminal markets have a farmers' section, it is a relatively small part of the overall operations and the produce sold by the farmers is consumed within the distribution area. In the case of the terminal-assembly markets, however, the farmers' section is a sizable part of their operations and much of the locally grown produce is shipped out (fig. 13). The relative importance of the farmers' part in these markets is further evidenced by the fact that a number of them are farmer-owned and controlled.

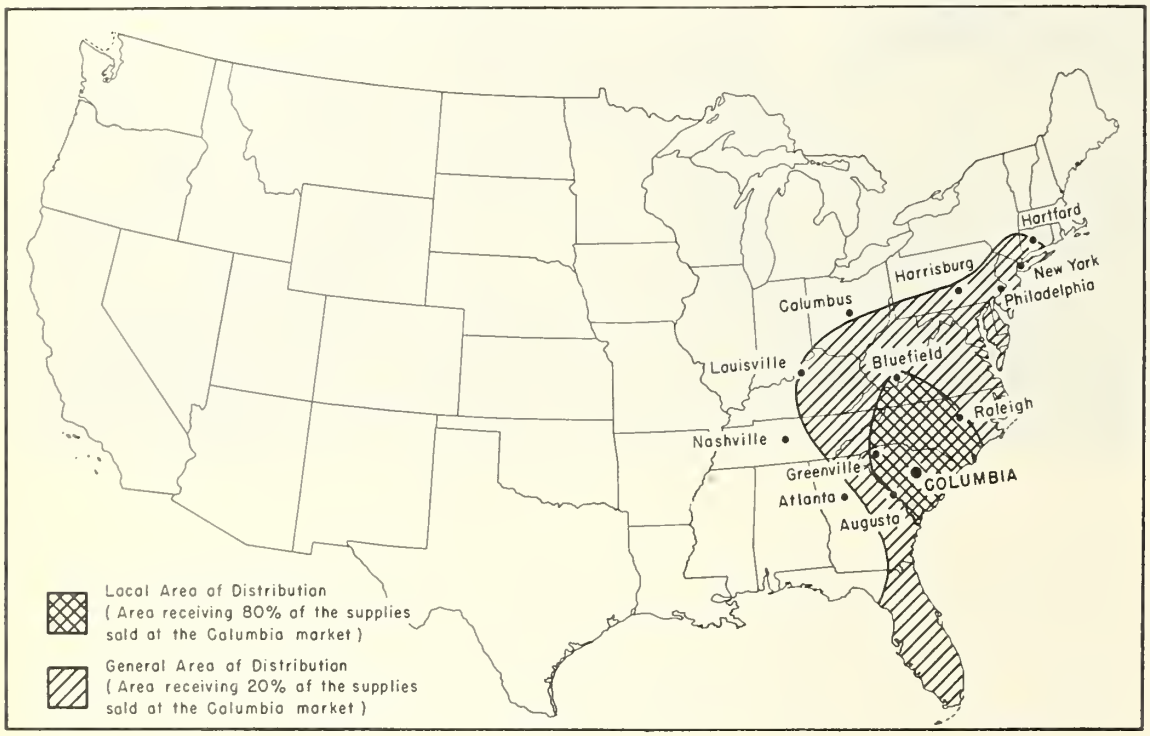


Figure 13.--Map showing approximate area of distribution for fruits and vegetables from Columbia, S. C., Market.

Illustrations of the terminal-assembly markets are: Columbia, S. C. (fig. 14), Syracuse, N. Y. (fig. 15), Menands, N. Y., Hartford, Conn., and Salt Lake City, Utah. The Miami, Fla., market is an example of what is happening in some markets. It started out as a farmer-owned terminal-assembly market but today the nature of its business has so changed that it can almost be classified as one of the smaller terminal markets.

Figure 14.--Aerial view of market facilities at Columbia, S. C.

1 Administration Building
2-3-4-5 Wholesale Produce Buildings
6-7-8-9 Farmers' Sheds
10 Poultry Shed

Figure 15.--Aerial view of market facilities at Syracuse, N. Y.

Other Classifications

There are other classifications of markets in respect to their operations, but most of these are so different that they were not included in this study. For example, there is the Atlanta, Ga., market (fig. 16) which is primarily an exchange market in that large truckloads of merchandise come from great distances to be sold to buyers who in turn distribute the produce over a wide area, going well beyond Atlanta itself and into large cities of other States. Also, in some large cities farmers' markets operate independently of the terminal.

Although these types of markets are not discussed as a class in this report, nevertheless, there are features in their operations which are applicable to other kinds of markets, and they have been drawn upon for certain materials in this study.

It should also be pointed out that although the wholesale markets handle the larger part of the produce business, there are other channels through which merchandise passes. Many of the chain stores buy direct from growers and have warehouses located in the metropolitan areas mostly outside the market area. From these warehouses they make direct deliveries to their retail outlets.

Furthermore, many packer-shippers in the producing areas have their own facilities in which they assemble products and prepare them for shipment. They handle their own sales direct with buyers in the distribution areas and the products they handle do not pass through the assembly markets.

TYPES OF MARKET ORGANIZATION

One of the major problems in planning a wholesale market is choosing a form of organization. Successful markets are owned and operated by private corporations, State departments of markets, State market authorities, farmers' cooperatives, and city departments of markets. Each of these types of market organization has advantages and limitations.

Private Corporation

The private corporation form of organization is used widely for all types of wholesale produce markets. Nearly all organized large-city terminals in existence today are owned and operated by private corporations. This is true of terminal markets in such cities as Cleveland, Ohio; Buffalo, N. Y.; St. Louis, Mo.; Detroit, Mich.; and Los Angeles, Calif. Terminal-assembly markets in some cities and a number of farm-assembly markets are organized as private corporations. Examples of these are markets in Miami, Fla.; San Antonio, Tex.; Salt Lake City, Utah; and Newark and Swedesboro, N. J.

The advantages of the corporate form of organization for a market are the same as for any other business enterprise--adaptability to raising capital, limited liability, permanency, centralized control, and transferability of ownership without affecting the stability of the organization.

The market corporations have been set up with a view to having the market on a financially self-sustaining basis.

Figure 16.--Aerial view of the State Farmers' Market, Atlanta, Ga.

Originally, in many of these markets the thought was that persons who were interested in the market should manage it and everyone who occupied a merchants' store unit or who leased a farmers' stall on the market should participate in the ownership. It turned out however, that some of the merchants would rather rent than own their facilities and many of the farmers were not interested in stock participation. As a result, it often developed that a few who had faith in the market bought the entire stock issue. In some private organizations the stock is owned on the basis of occupancy of space in the market.

Articles of Incorporation

In forming a corporation the organization usually obtains its charter or certificate of incorporation from the appropriate office in the State where the market is to be located. As all the powers of a corporation are derived from legislation, constant reference must be made to the statutes governing the formation of corporations, for these statutes specify certain requirements that must be strictly followed in the certificate of incorporation. The certificate defines the powers of the corporation and of its officers and directors. It also specifies what the stockholders shall control and how they shall exercise their control. The ordinary certificate of incorporation covers the following points:

1. Name of corporation.
2. Purpose (type of business) of the corporation.
3. Number of shares and their par value, if any.
4. Location of office of the corporation.
5. Duration of the corporation.
6. Number of directors and their qualifications.
7. Names and addresses of directors who will hold office until first annual meeting of stockholders.
8. Names and addresses of subscribers to certificate of incorporation and the number of shares of stock subscribed.
9. That the subscribers are of legal age and that the required proportion are citizens of the United States.
10. Designation of Secretary of State as agent for service of process.

Bylaws

In addition to the items covered by the certificate of incorporation, the stockholders (in some cases the statute or charter delegates this power to the directors) at their first meeting set up a body of rules of conduct for the corporation. These rules cover the location of offices and places for the transaction of business, the calling of annual and special meetings of stockholders, forms of notice of meetings, the number constituting a quorum, methods of voting, the number of directors, forms of notice for directors' meetings, designation of officers and their functions, routine for issuing securities, times for dividend action, definition of fiscal year, provisions for amendments, and so on. This body of rules is known as the bylaws. They, together with the certificate of incorporation, constitute the operating plan of the market. A sample set of bylaws for a market owned by a private corporation is shown in Appendix A. While these bylaws probably will not fully meet the needs of any specific situation, they should be helpful to persons and groups who are drafting bylaws for any market.

Farmer Cooperatives

A farmer cooperative is a type of organization frequently used for assembly markets. Most of the cooperatively owned markets are strictly farmers' markets such as some of the shipping point markets in New Jersey. There are some cooperatives which not only provide facilities for farmers but also store units for merchants and other facilities which are commonly found in a city terminal market, for illustration, the Capital District Market at Menands, N. Y.

The cooperative type of market is incorporated under the State laws which govern cooperatives. These laws, of course, must be consulted carefully in organizing such a market.

Many of the provisions of the bylaws of an ordinary corporation apply in the case of cooperative market organizations, but the bylaws of a cooperative should probably include some provisions that are peculiar to the cooperative method of operation. 3/

Special provisions included in bylaws of farmer cooperative markets pertain to (1) purpose, (2) membership, (3) meetings, (4) directors, (5) officers, (6) management, and (7) patronage refunds and patron capital.

Purpose

The purpose of the organization is usually stated in very general terms which are broad enough to cover any phase of assembly, processing, storage, and marketing of agricultural commodities for both members and nonmembers.

Membership

Applicants for membership in these associations must (1) be producers of agricultural products; (2) purchase at least one share of common capital stock, if a stock organization, or pay membership fees in a nonstock association; (3) subscribe to the bylaws; and (4) be accepted by the board of directors. The board of directors normally is empowered to revoke membership for cause after a fair hearing of charges against a member. If business with nonmembers is permissable, it is usually a statutory requirement that such business shall not be greater in value than that done with members.

Meetings

Annual meetings are scheduled for a specific time and place in the bylaws and special meetings are authorized upon call of the president or on request of a specified number of members. The secretaries are directed to mail notices of annual and special meetings several days prior to the meeting date and to specify the time, place, and object of such meeting. The bylaws also specify attendance required for a quorum. The cooperative principle of one-member one-vote is usually embodied in the bylaws.

3/ Examples of bylaws for cooperative markets are included in *Cooperative Fruit & Vegetable Shipping-Point Auctions, Bulletin 64, Farm Credit Administration May 1951* and in *Organizing a Farmer Cooperative, Circular C-108, Farm Credit Administration.*

Directors

Each association has a board of directors charged with determining policy and directing the business of the organization. They are usually elected at large, but sometimes are elected by areas to assure representation from all areas served. The directors may receive reasonable compensation for time actually spent in the service of the association. No director is permitted to occupy any position in the association on regular or substantially full time pay.

Officers

The officers are elected by the board of directors. The president and vice-president must be directors but the secretary and treasurer are not required to be members of the board. The officers are elected at the first board meeting following the annual meeting of the association.

Management

The association is administered by a market manager appointed by the board of directors. He is charged with supervision of other market personnel, enforcement of rules and regulations, and administration of policies established by the board of directors.

Patronage Refunds and Patron Capital

The association obligates itself to distribute savings or net margins to either member-patrons or to all patrons on a basis of patronage. Often these patronage refunds are made in noncash form, such as certificates that are redeemable on a revolving fund basis. These revolving funds serve as patron capital of the association.

State-Owned Markets

There are a few States that own and operate wholesale markets. These markets are predominantly of the farm-assembly type. Florida and Georgia were among the first States to develop a system of markets and the market organizations in these two States have met with marked success.

Florida

An act authorizing establishment of the Florida system was passed by the State Legislature in 1933, the first market being built at Sanford in 1934. There are now about 22 markets in the State system.

The fundamental purpose of this act is to provide for convenient, dependable outlets through which farmers may market their products and receive cash at the time of sale. This act creates a State Agricultural Marketing Board, the membership of which is comprised of the Governor, the Commissioner of Agriculture, and the Commissioner of the State Marketing Bureau. Active direction of the markets is in the hands of the director of markets and his technical assistants. The board has authority to acquire suitable sites and erect thereon necessary marketing facilities, or livestock pens, and properly equip, maintain, and operate them for the handling of all staple field crops, livestock, fruits, vegetables,

poultry, meats, dairy products, and all other farm and home products. It also has authority to rent or lease space on the market; to store or refrigerate perishable produce; to employ managers and other help necessary to operate the markets; and to make charges for services that will cover the cost of operation and maintenance of the markets. It has the power to operate bonded warehouses when commercial facilities are not available for the purpose of storing farm products.

The act provides that all collections made for charges shall be deposited monthly with the State Treasurer to the credit of the General Inspection Fund, Special Farmers' Markets Account. This fund is to be used for payment of the expenses of operations and maintenance and equipment on the markets. The payments are to be made by warrant issued on requisitions of the Director of State Markets and approved by the Commissioner of Agriculture, filed with the State Comptroller. The act also provides that any additional funds necessary to defray the expenses of erecting, equipping, maintaining, and operating markets shall be expended from the General Inspection Fund. However, such funds are used for the erection of markets only after all other needs of the Department of Agriculture have been provided for.

Although a Director of State Markets and his assistants exercise overall supervision of the markets, each market has its manager and other personnel necessary to carry out its functions. Under the Director of Markets, there is also a maintenance and building crew which handle most of the repairs and construction for all of the State-owned markets throughout Florida.

In the Florida system both the direct-sale and auction methods are used.

It is a policy of the State not to compete with private enterprise. Accordingly, there are no State-owned markets in the large cities of Miami, Tampa, and Jacksonville, where privately-owned markets have been established. There are also a number of privately operated farmers' markets in various producing areas of Florida and the State avoids setting up any markets in competition with them.

Georgia

In Georgia, the law provides for the Commissioner of Agriculture to establish State farmers' markets. He is authorized and directed to procure by purchase, lease, rent, gift or otherwise, at his discretion, necessary market sites on which to establish farmers' markets. The Commissioner of Agriculture has authority to establish on an acquired site a farmers' market, independent of and without the necessity of securing any permit from any municipality in which the site or sites may be located. The Commissioner does not have power of emiment domain. The market is subject to any necessary or fair municipal zone laws and fire and health regulations.

The Commissioner of Agriculture is authorized to prescribe and designate reasonable grades and classes for farm products. He may provide experienced and competent persons to act as graders and classifiers in the markets.

The Commissioner is authorized to prescribe and collect reasonable charges to pay the necessary costs of acquiring, operating, and maintaining the markets and to erect the necessary market buildings.

The act provides that whenever any food products shall be found on any market in the State in such condition that they are unfit for food, it shall be the duty of the food inspector to forbid their sale in the State. The Commissioner of Agriculture is empowered to make and promulgate such rules and regulations as in his judgment may be necessary to enforce the carrying out of all the provisions of the act. These rules and regulations must be posted in a conspicuous place in each market for a period of 24 hours, and they have the force and effect of law. The Commissioner of Agriculture, through his authorized agents, may eject from any market, any person and his property who refuses to comply with all the provisions of this act and the rules promulgated under it.

The Commissioner of Agriculture has authority to inspect all fruits, vegetables, and truck crops coming into Georgia markets or offered for sale within the State. He has power to declare an embargo on fruits, vegetables, and truck crops coming into the State when the home-grown supply is ample for the State markets at that time.

All funds collected by the Commissioner of Agriculture are deposited with the State Treasurer in a separate fund to be paid out on warrants signed by the Governor for carrying out the provisions of this act.

The Commissioner of Agriculture is authorized to fix minimum prices on the different grades and classes, and can refuse permission to anyone to sell any fruits, vegetables, or truck crops within the bounds of any established market, at a lower price than the minimum price fixed by him.

State Marketing Authorities

Several States have enabling legislation that permits them to set up marketing authorities which can establish and operate wholesale produce markets. These authorities are nonprofit public corporations. The legislation in the several States authorizing these public corporations is similar in pattern. It does not prevent the establishment of markets by other types of organizations. As a matter of fact, the markets that have been built by marketing authorities have been constructed only after it became apparent that there was virtually no chance that they would be undertaken by private enterprise.

This type of public benefit corporation offers an excellent way of serving the interests of all who use the market or otherwise are affected by its operation. It furnishes a means which not only can bring into existence a properly planned and managed market but also can represent all the various elements that must be brought together in order to establish and operate a satisfactory market.

Construction of new markets or reorganization of existing ones by marketing authorities has been financed by various means. State or local appropriations and loans from public or private sources have been made. In some cases the marketing authorities have been able to borrow most of the necessary funds from private sources against the security of market revenues and other assets. Interest, amortization charges, and operating costs are paid out of revenues obtained from users of the markets. Thus no burden is placed on the taxpayers of the State or the community except for such initial contribution to capital as might be made by appropriation. Even this amount can be repaid from revenues. Probably the best guarantee of efficient management is to require the *authority* to stand on its own feet, without permanent subsidy from the government.

Revenues from the market are used only for purposes connected with the market and are not available for other government purposes. The corporation can lease space and facilities to persons using the market, but is prohibited from itself engaging, directly or indirectly, in the purchase or sale of farm or food products.

In many respects these public benefit corporations resemble private business corporations and thus are able when correctly managed to provide services in an efficient and businesslike manner.

South Carolina

South Carolina has a State Agricultural Marketing Commission which may set up nonprofit local marketing authorities. These authorities may be established when 20 or more persons in one community file a petition requesting such action. The petition contains the following information:

1. Names, addresses, and businesses of petitioners.
2. Name of the local marketing authority, in all cases to include the words *marketing authority*.
3. Names and addresses of the officers of the authority.
4. A statement of the activities, all related to the growing and marketing of farm products and livestock in which the local marketing authority proposes to engage.
5. The area to be served by such local marketing authority.
6. A statement of existing and prospective marketing and other facilities to be operated by the local marketing authority.
7. The total amount of stock or certificates of ownership to be issued and the face value of each share, or the amount of the membership fee.
8. Such other information as the State Agricultural Marketing Commission may require.

Before establishing a local marketing authority, the Commission must investigate to determine whether there is a need and reasonable chance for success. Upon certification by the Commission, the Secretary of State issues a certificate of incorporation.

Once a local marketing authority is established, it adopts bylaws which indicate the officers and what their duties shall be.

Local authorities are supervised by the State Agricultural Marketing Commission and are entitled to the inspection, grading, buying, and selling services of the Commission, as well as to all possible assistance in crop, land, and soil selection; crop planting; fertilization; cultivation; harvesting and packing services; and methods of financing.

The State Agricultural Marketing Commission is empowered to construct, equip, remodel, reconstruct, and re-equip buildings and other facilities to form a part of any market. For such purposes, it may spend any funds in its hands or to which it may be entitled.

The Commission is authorized to issue revenue bonds. These bonds are to be payable solely from revenues derived from the market for which the proceeds are expended.

Neither the faith or credit of the State nor of the Commission can be pledged for the payment of the principal and interest on bonds.

Bonds are to be sold at public sale after notices are published at least 15 days prior to the sale. If no bid acceptable to the Commission is received, the bonds may be sold at private sale. Bonds are exempt from State, county, and municipal taxes.

Mississippi

Mississippi has a Central Market Board which was created by an act of the State Legislature. The State has built one market under this act which is located at Jackson, the funds being provided by State appropriation.

The Board consists of five members. The State Commissioner of Agriculture is ex-officio chairman and four other members are appointed by the Governor, one from each of three Highway Commissioners' Districts and one from the State at large. The Board selects an executive officer known as a State Market Manager.

The Central Market Board has authority to (1) acquire suitable market sites by purchase, donation, lease or condemnation, sites to be acquired must be accessible to highway, rail and airway facilities and are subject to approval of the State Building Commissioner; (2) erect and install such structures, facilities, and equipment as may be necessary for processing and marketing food and feed; (3) fix salaries of employees, rentals, and charges for each type of facility constructed on the market; (4) formulate and adopt a financial, building, and operating program; and (5) make rules and regulations, provide and enforce penalties for breaches of regulations, and determine hours for operation of the market.

It meets quarterly or on special notice by the Secretary. Funds collected under the act are to be used solely for payment of the expenses of operation and maintenance of the market.

New York

The Legislature of the State of New York has enacted laws creating three regional market authorities. Markets have been built at Syracuse, Utica, and Newburgh. The Genessee Market Authority is currently building a market at Rochester. The laws creating these authorities are similar in most respects except for territorial designation and amount of appropriation. Therefore, only those provisions relating to the Central New York Authority (Syracuse and Utica) are used in the following paragraphs to describe the provisions of these laws.

For administrative purposes the Central New York Market Authority includes 7 counties. The Authority has a Board of Directors of 13 members, 12 of whom are appointed by the various County Boards of Supervisors within the district, the 13th member being the Commissioner of Agriculture and Markets or his representative. One member from each county must be a farmer, the other may or may not be engaged in farming. Farmer members must actually sell all or part of their produce on the market.

The Board of Directors has authority to: (1) Name a manager and other officers or employees as are needed and fix their compensation; (2) determine the location, type,

size, construction, and equipment of the marketing facilities within the district; (3) prepare plans for financing the acquisition, construction, equipment, and operation of the marketing facilities; (4) make investigations and hold hearings to formulate, adopt, and revise the program of the Authority; (5) acquire, lease, erect, construct, equip, maintain, and operate market facilities within the district; (6) fix, impose, and collect rentals and license fees relative to all business done on any market; and (7) make and enforce rules and regulations governing the market.

Negotiable bonds, which will bear interest not exceeding 6 percent per year, and which mature not exceeding 30 years from their date of issuance, may be issued by the Authority.

Any county, city, town, or village may by ordinance make covenants with the Authority, and such covenants will be part of the contract with the holders of bonds of the Authority, to: (1) Deny permission to construct a marketing facility which will be competitive with any market facility owned or operated by the Authority; (2) discontinue market facilities owned or operated by these municipalities; and (3) limit the licensing of private market facilities within the territorial limits of the county, city, town, or village which may compete with the market facilities owned or operated by the Authority. Covenants may be made also with any municipality to provide for the policing of the market property, and to create districts about the regional market facilities wherein the wholesaling of perishable farm products and live poultry will be confined to the market facilities of the Authority. Projects of the Market Authority are self-liquidating and depend entirely on income from rentals to finance their operations.

Under the Public Market Law of the State of New York, the Legislature may appropriate and lend to an Authority up to 50 percent of the cost of approved new facilities or the repair and expansion of existing facilities. The other 50 percent is financed by the sale of 3 percent, 30-year term bonds. The State loan is without interest and is paid back annually out of 50 percent of the net income of the market operation until the loan is liquidated. The other regional market laws in the State are similar to this one.

Virginia

In Virginia, produce market authorities may be established by the Governor in cities having a population of more than 30,000, upon receiving a petition from the city council or other governing body of the municipality.

Each authority has a board of from 5 to 7 directors appointed by the Governor: 1 member to be nominated by the Director of the Division of Markets of the State Department of Agriculture; 1 member nominated by the State Extension Service; 1 member nominated by the governing body of the city or county; 1 member nominated by a majority of the wholesale dealers in perishable farm products operating in the city; and 1 member, who must be a farmer, is nominated by agricultural agents in adjacent counties. In the event the number of directors is to be 7, 1 member of the board of directors will be nominated by the local chamber of commerce, and 1 member chosen from a list of 3 food retail merchants nominated by the governing body of the city or county. Each director is appointed for a term of 5 years.

The local produce market authority is established as a political subdivision of the Commonwealth. It has power to acquire, hold, and dispose of property, to build and

maintain market facilities, to appoint such officers as are necessary to lease the buildings and facilities to persons engaging in the wholesale marketing of perishables, to set fees and rentals, to build restaurants and service stations that are supplemental to the market, to borrow money and to sell revenue bonds and general obligation bonds, and to issue regulations for use of the market. The market property must be within the corporate limits of the city. Each authority is limited to the operation of one market.

Any bonds issued do not constitute a debt of the city and are not payable out of any funds or properties other than those of the authority. The authority operates as a nonprofit corporation. The rental fees and charges fixed are not to be greater than necessary to provide funds for building and operating the market.

The authorities must keep records and make reports to the Director of the Division of Markets who is responsible for seeing that the books and records of every local authority are audited annually.

The Virginia Legislature in 1953 established a *Produce Market Fund* to provide equity capital for construction of wholesale produce markets within the State. The loan to any market authority within the State cannot be in excess of 33-1/3 percent of construction costs or more than $300,000. No less than $100,000 must be obtained from sources other than the State. The loan from the State is payable within 23 years with interest at 3 percent per annum. It is to be amortized on a basis of 5 percent per year after the third year.

Provisions of a Marketing Authority Act

Persons wishing to develop markets through a State marketing authority might consider the points enumerated in Appendix B in preparing enabling legislation. 4/

City-Owned and -Operated Markets

A number of cities own and operate wholesale markets for farm produce. The ordinances governing these markets are usually kept in a rather simplified form. Among the cities which have such markets are Kansas City, Mo.; Detroit and Benton Harbor, Mich. Some of the provisions of the market ordinances in these cities serve to illustrate what is generally included.

Kansas City, Mo.

A city ordinance provides for a Commissioner of Markets and assigns him the following duties in respect to the operation of the municipal market:

To exercise general supervision over the municipal market, the market zone, and public scales, and to enforce market regulations.

4/ A draft of suitable legislation for creating this kind of corporation may be found in *Suggested State Post-War Legislation, Federal State Programs for 1946-47* developed by the Council of State Governments, 1313 East 60th St., Chicago 37, Ill.

To assign places to vehicles or persons attending the market.

To examine the quality of all articles offered or exposed for sale in the market, and to notify a health department inspector to examine such articles that are apparently *blown*, unsound, diseased, impure, and unwholesome whenever he sees such conditions existing.

To examine, weights and measures of articles offered for sale in the market, and to call the inspector of weights and measures whenever any articles are discovered that weigh less than represented by the seller.

To enforce order in the market area and to decide all disputes which may arise between buyer and seller, covering any article offered for sale.

To be in attendance at the market every day during market hours either personally or by properly designated representative.

To cause such parts of the market area as are in the possession of the city to be thoroughly cleaned as often as occasion may require and all refuse and filth to be removed therefrom and to require all persons and parties in possession of any part of the market area to keep the same in a clean and sanitary condition.

To require that all articles offered for sale which are prohibited by ordinance, or which are exposed for sale without the vendor having proper authority therefor by ordinance, to be removed from the market.

The Commissioner of Markets shall make returns each month to the Commissioner of Accounts in the form required by him, and pay to the City Treasurer all amounts due and owing to the city, and he must file with the Commissioner of Accounts at such times as he may designate the sheets of the weigh books, which shall be preserved for 1 year and be open for inspection during such time.

Any violation of the provisions of this ordinance or of any regulation established for the government and operation of the municipal market, the market zone, and the public scale facilities shall be a misdemeanor; and any person found guilty of the violation thereof shall be punishable under the general penalty ordinance. The Commissioner of Markets shall have authority, with the written approval of the Director of Welfare, to revoke market privileges heretofore granted to any person guilty of such violation.

The Commissioner of Markets regulates the location, arrangement, and movement of vehicles in the market area and establishes market hours. He also makes rules for the operation of the public scales.

Rules and regulations pertaining to the operation of the public market, market zone, and public scales are printed or typed by the Director of Welfare, and posted in conspicuous places about the market and scales.

The Director of Welfare, with the approval of the City Manager, submits to the Council a schedule of daily rental rates to be paid for each truck, wagon, cart, or

other vehicle standing in the market, as well as a schedule of fees for weighing on the public scales. Weighing of all city vehicles is free of charge. Stall renters are permitted to sell on the public market only those items which have been approved. These include: fruits, vegetables, butter, eggs, cheese, meat, game, poultry, and other food items.

Detroit, Mich.

The city of Detroit operates 3 wholesale produce markets. These public markets are under the supervision and control of a Commissioner. Some of the provisions of the ordinance under which the markets operate are as follows:

The Commissioner is authorized to prescribe the days and hours when the public markets shall be open for the transaction of business.

In order that the markets may be properly cleaned, he also is authorized to fix the hours during which all or part of each public market shall be cleared of vehicles.

Stall renters are allowed to sell on the public markets only those products which have been specifically approved by the Commissioner. These include wholesome fresh, canned, dried, or prepared food products; also certain other miscellaneous farm products such as domesticated rabbits, flowers, plants, nuts, herbs, hay, straw, Christmas trees and greens. In selling these items they must comply with all of the related ordinances and rules and regulations including the regulation that all live poultry and rabbits and other animals authorized for sale on the market are to be handled in approved crates.

Stall spaces on the public markets are rented either by the day or by the year with the understanding that the rights of the renter may be canceled for failure to comply with rules. The rentals charged are those approved by the Common Council and they are paid in advance. The annual rental period on all stalls begins on April 1. Stalls rented on or after October 1 are charged for at one-half the annual rate, but no reduction in annual fees is made previous to October 1. In giving refunds to annual stall renters who are permitted to vacate their stalls or whose stall privileges are canceled, the use of the stall during any month or fraction thereof from May 1 to November 1 is charged for at double the pro rata monthly rate; for other months the single pro rata monthly rate applies. Assignments of stall space are made on an annual basis and all annual rental fees accepted under the provisions of this ordinance can be canceled at any time for cause. Stall rentals may be paid in two approximately equal parts, the second part to be paid not later than July 31 of each year.

Before allowing renters of stall space to sell on the public markets, the Commissioner is authorized to require, under oath, if desired, such information with reference to the person's address, character, the nature and extent and location of his business, the names and amounts of the products he raises, or which he sells on the public markets, the period when he comes to the public markets, and other data necessary for the protection of the public welfare and the proper administration of the public markets.

No person renting a stall space on a public market, may sell, sublet or assign such space or any privileges pertaining thereto, except with the prior written approval of the Commissioner.

In order that business conducted on the public markets may be facilitated, and disputes, mistakes, dishonesty, and fraud eliminated so far as possible, the Commissioner is authorized to require that sellers deliver to buyers approved sales slips, receipts, and contracts for future delivery, covering any or all business transactions involving goods displayed for sale, offered for sale or sold on the public market, or covering goods offered by sellers on the public market for future delivery. The Commissioner may also require that every person who sells on the public markets display an approved sign in an approved space in connection with his stall space or on his vehicle, giving the name and address and other identification of the producer or dealer operating the stall space.

The Commissioner is authorized to fix in the rules and regulations the market grades and descriptions under which various products shall be displayed and sold on the public markets, and to require the proper display of grade names and descriptions and prices.

The department is authorized to provide on any of the municipal markets, suitable eating facilities for the buyers and sellers on the market, either by operating the facilities or by renting to a private party. When such space is provided, no other person is permitted to display or offer for sale on the grounds or in buildings any prepared foods or beverages for the immediate consumption of the buyers and sellers on the markets.

Furthermore, no person may remove any products, containers for products, or any other property from the vehicle of, or the display space allotted to any person who sells on the public market without previously having purchased and paid for it, or without previously having made arrangements satisfactory to the seller for the purchase or transfer of such products, containers, or other property.

Benton Harbor, Mich.

Benton Harbor has a large assembly market which is owned and operated by the city. The provisions of the city ordinance governing this market are found in Appendix C.

MANAGEMENT

Capable management is essential to an efficient and successful market operation. This point cannot be overemphasized. Even though a market is well planned and designed, its success will depend to a large extent on the quality of its management. If it is poorly managed, everyone from producer to consumer is a loser. Those responsible for market management must recognize and accept this responsibility. Markets have failed because they were not well managed. On the other hand, able managers have taken markets that were operating *in the red,* even on the verge of bankruptcy, and put them on a financially sound basis.

To protect the public, it is imperative that the managerial board be composed of members who will represent the interests of those groups most concerned with the successful operation of the market. It is not enough that the market board and the market manager employed to carry out the board's policies should be honest and willing to do the right thing; it is equally important that they should be capable of executing all the duties and functions necessary for the successful operation of the market. When the ownership of a market is remote from its operation, the danger of losses or failure is substantial. The problems of market management are immediate and dynamic. Decisions of

considerable consequence frequently must be made without delay. This is impossible if the persons responsible for the market management are not sensitive to its operations or if they have only a passive interest in the undertaking. The directors of any market will find it impossible to hold a meeting every time there is an important decision to be made. Therefore, they must see to it that they have a capable, well qualified manager, and must grant him sufficient power to carry out the administration of market operations properly.

Many groups and interests are vitally concerned with the type of management placed in control of a wholesale produce market. Wholesalers, growers, transportation companies, retailers, consumers, and distant sellers all have a large stake in market management from the standpoint of efficient distribution. City, county, and other governmental agencies have an interest in the market from the standpoint of revenue, planning of traffic on streets and highways, zoning, regulations with respect to inspection and sanitation, and numerous other laws and ordinances governing the handling of food products. Also, the municipality is interested in the general increase in the volume of business conducted within its boundaries. Investors are another group which is greatly concerned with the success of the market. Whether private or public funds are used, it is expected that the market will be constructed and operated in such a manner that the investment will be protected. Reasonable dividends should accrue to the investors if the market is operated properly.

The organization responsible for the market's construction and management should exercise the same good business principles that would be expected from any private business concern. If the market is to accomplish the purpose for which it is established, it should be operated without discrimination against any type of buyer or seller, any form of transportation, or any produce because of its origin.

Personnel

Basically, the personnel needed to run a terminal market consists of the following: (1) Manager; (2) an assistant manager who may also be the bookkeeper or perform some other function such as supervising outside operations; (3) secretary; (4) bookkeeper; (5) clerk-typist; (6) switchboard operator; (7) about 3 or 4 gatemen-policemen; (8) one or more janitors; and (9) other seasonal personnel. Usually, clerks or persons to help with fee collections are hired as needed.

In addition to the above mentioned personnel, some markets have repair and maintenance men and street cleaning crews. Other markets contract with outside firms to do these jobs.

Some terminal markets are furnished with police services by the city in which they are located, and therefore, do not have to hire men to carry out this function. A few markets have an auditing firm keep their books; the market secretary doing the posting. There are, of course, other variations, but in the main, a terminal market can expect to have personnel about as listed above.

The personnel required for a terminal-assembly market is about the same as that needed for a terminal market but usually the jobs of the secretary and the bookkeeper are combined and a clerk-typist, if hired, is likely to be on a seasonal basis. There is

likely to be more seasonal help required for the collection of fees. In these markets too, there are variations in arrangements, and the city or State frequently furnishes assistance in policing or, if the market is State-owned, the State may furnish assistance in other ways such as keeping and auditing the books.

The personnel required to manage a large farm-assembly market is also quite similar. The principal difference being that much more of the personnel is hired on a seasonal basis. The manager, a secretary-bookkeeper, and perhaps 1 or 2 other employees being the only ones hired on an annual basis.

When a market has an auction, the auctioneer usually is hired by the season and is paid on a weekly basis; in some markets, however, he is hired on an annual basis.

Briefly, duties are assigned to personnel as follows:

Market Manager

The manager is the one most responsible for seeing that the market functions properly. Therefore of necessity, his authority must be broadly defined. Subject to the general supervision and control of the board of directors and the bylaws, he has general charge of the methods of receiving, handling, distributing, and selling of all products or supplies passing through the market. Before beginning his duties, the manager is usually required to execute a bond to insure the faithful performance of the obligations of his position. Specifically, some of his duties (not listed in order of importance) are:

1. Prepare rules and regulations which govern the transaction of business within the market.
2. Develop and enforce a traffic control plan to keep market traffic moving smoothly with a minimum of congestion and delay.
3. Prepare and execute rental and lease agreements with people who operate facilities on the market.
4. Settle disputes that might arise between buyers and sellers, fairly and impartially.
5. Promote good public relations with the community in which the market is established.
6. Obtain and develop information relative to markets and market conditions for the products handled and furnish this information to market patrons.
7. Help the trade move produce in an efficient and orderly manner, and encourage buyers to visit the market.
8. See that the market facilities are kept in good repair.
9. Determine whether expansion of facilities is in the interest of the market.
10. Make periodical financial reports to the directors.
11. Make recommendations to the directors regarding anything that can be done to improve the market.
12. See that high marketing standards and ethics are maintained on the market.
13. Maintain contacts with other markets so that ideas can be exchanged which are mutually beneficial.
14. Check fees and rentals and determine what these charges should be.
15. Exercise police powers in the interest of the market.
16. Supervise personnel in carrying out the operations of the market.

17. Hire or discharge market employees.
18. Order the removal from the market of any product deemed by him to be unwholesome or unfit for human consumption.
19. Suspend any lease or license as a penalty for the violation of any provisions of the rules and regulations by any lessee or licensee or his agent.
20. Negotiate labor contracts for the market management or for tenants on the market.

Assistant Manager

The assistant manager is an understudy of the manager and acts as manager in the manager's absence.

Usually he is assigned specific duties. He might be a bookkeeper, an auctioneer, head of the police and fee collectors, or in charge of maintenance.

Secretary

The functions of a secretary are those that are common for this position in almost any business. In some markets, in addition to performing general secretarial duties, the secretary posts the books. In such instances, a public accountant is usually employed for the final bookkeeping. Most managers arrange it so that the secretary can fill in for the switchboard operator during slack periods. On the smaller markets or during off seasons, one person may perform the functions of secretary, bookkeeper, and switchboard operator.

Bookkeeper

Keeping the books is a full-time job on the large markets. In other markets, it is combined with other duties as previously described.

Switchboard Operator

In the larger markets one or two switchboard operators are necessary. In many instances, the central switchboard has connections with all wholesale store units and other business offices on the market. Each store has its own line but in addition to this, many calls are received by store operators through the central switchboard. Public address systems, also, are used on many markets, and the switchboard operator handles these.

Police-Gatemen and Watchmen

In most markets police and watchmen service is handled by the same people who collect fees. They also direct market traffic, prevent pilferage, and enforce market regulations. In a few markets it is necessary to employ one or two extra policemen for this purpose. Some markets depend on the city entirely for police service and it is furnished at no cost to the market. A few markets employ city policemen on a part-time basis to work during the trading rush hours.

The number of men required for this job depends a good deal on the way the market is organized, its hours of operation, and the volume and nature of its business. On most terminals and some other markets during the busy season, about four people are required to do this work. This makes it possible to have one man on duty for each of three 8-hour shifts and to have an extra man during the rush hours or for relief work.

Methods of Collecting Fees and Rentals

It is generally agreed to be a good practice to enclose any market with a fence. This cuts down the number of men required to police the grounds and collect fees. If all traffic must pass through designated gateways, it is much easier to control (fig. 17). At the same time, less personnel is required to collect fees if the vehicle enters the market through a gate than is necessary if the trucks can enter from several directions and park where they please. Also, where it is possible to control exits and entrances there is less chance for anyone to get by without paying a fee to use the market.

Figure 17.--Gate tower of Benton Harbor Fruit Market, Benton Harbor, Mich.

As the vehicle enters the gate the driver is given a receipt showing that he has paid for the privilege of using the market for a given session. Figures 18, 19, and 20 show some examples of receipts that are used to acknowledge payments of market fees and rentals.

Rentals from the wholesale stores or other permanent tenants, for the most part, are paid on a monthly, or in the case of some shed stalls, on a seasonal basis. They are usually mailed in or brought to the market manager's office. Most deliquent payments can be handled by phone or can be picked up by the manager or one of his aides when making the rounds of the market.

Handling Repairs and Maintenance

Generally speaking, the market management assumes responsibility only for maintenance of the exterior of buildings and the streets. All repairs and maintenance inside the buildings are the responsibility of the tenants. They are also responsible for repairs necessitated by damage done through their negligence. This is spelled out in their leases.

Form Mkt. 16

MINNEAPOLIS MUNICIPAL MARKET
APPLICATION FOR STALL PERMIT
SEASON 195 ___

I, _____
hereby make application for the privilege of using a stall on the Minneapolis Municipal Market by the ☐ Season ☐ Month ☐ Day.
I agree to abide by all the Ordinances, Rules and Regulations governing the Market as per Section 5 of the Market Ordinance.

SIGN HERE
X

APPLICANT

Date _____ 195 ___ _____
MARKET MASTER

LEGAL DESCRIPTION | CERTIFICATE NUMBER

PAYMENT RECORD

DATE	PERMIT NO.	AMT. PAID	BALANCE

DAILY STALL RENTALS

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
April																															
May																															
June																															
July																															
August																															
September																															
October																															
November																															
December																															

MAIL ADDRESS _____ TELEPHONE NO. _____

NAME _____

STALL RENT PAID THRU

May	June	July	Aug.	Sept.	Oct.

STALL NO.

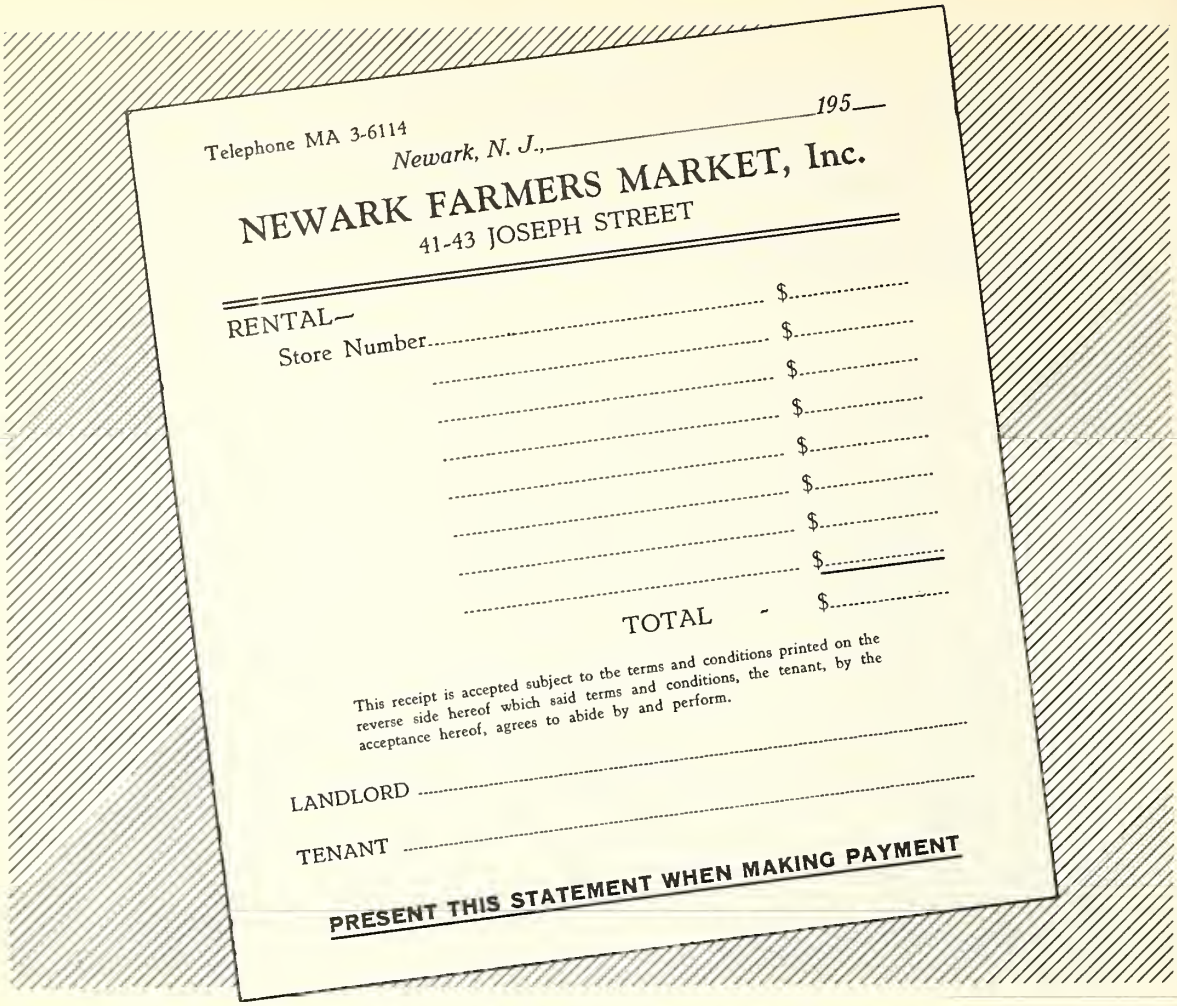
Figure 18.--Application for stall permit and receipt, Minneapolis Municipal Market.

(See Appendix D). In most instances, the management contracts with local firms who specialize in building maintenance and construction for taking care of any major repairs. However, nearly all markets have at least one handyman to take care of minor maintenance difficulties.

In some of the larger markets, however, a full-time maintenance crew is employed. This crew will not only take care of any repairs for which the market is responsible but will also do repairs on a fee basis for tenants in the market at their request. Figure 21 is a sample of a work order and statement of services used in connection with performing work for tenants. When work is done for a tenant he pays for the cost of it to the management. This maintenance crew may consist of a carpenter, a plumber, an electrician, and such helpers as needed. In one of the larger markets, because of the vastly increased use of refrigeration in the stores handling perishable produce, thought is now being given to adding a refrigeration engineer to the maintenance crew.

Market Sanitation and Street Cleaning

Most markets have regulations requiring the market tenants to keep their premises clean and sanitary and see that refuse is properly disposed. Furthermore, these regulations have teeth in them and the manager has full authority to take strong disciplinary measures against anyone who does not abide by the market rules. Where rules regarding cleaning and sanitation are strictly enforced it not only makes the market a more desirable place in which to do business but it also cuts the costs of overall market expenses for cleaning, which in many markets is a sizable item. Unfortunately, for some



Telephone MA 3-6114

Newark, N. J., _____ 195__

NEWARK FARMERS MARKET, Inc.

41-43 JOSEPH STREET

RENTAL—

Store Number..... $.....

..... $.....

..... $.....

..... $.....

..... $.....

..... $.....

..... $.....

..... $.....

..... $.....

TOTAL - $.....

This receipt is accepted subject to the terms and conditions printed on the reverse side hereof which said terms and conditions, the tenant, by the acceptance hereof, agrees to abide by and perform.

LANDLORD .....

TENANT .....

PRESENT THIS STATEMENT WHEN MAKING PAYMENT

Figure 19.--Stall rental statement, Newark Farmers' Market.

reasons several markets which are otherwise well run have been lax in requiring tenants to keep their premises clean and in order.

Street cleaning is a major problem in every market. There are two general methods of handling it. Some markets contract with outside firms to do their street cleaning. Their thought is that by so doing they avoid labor problems and investment in equipment.

Many markets purchase their own street sweeping equipment and hire the necessary help to do the cleaning. On one large market it requires one truckdriver and two laborers to operate the sweeping equipment and haul the refuse to the city dump. Considering wages, investment in equipment, upkeep and depreciation, there appears to be little difference in the costs between the two methods.

Advertising and Promotion

The development of a good program of advertising and promotion needs greater attention from market management, especially in view of the fact that most markets have

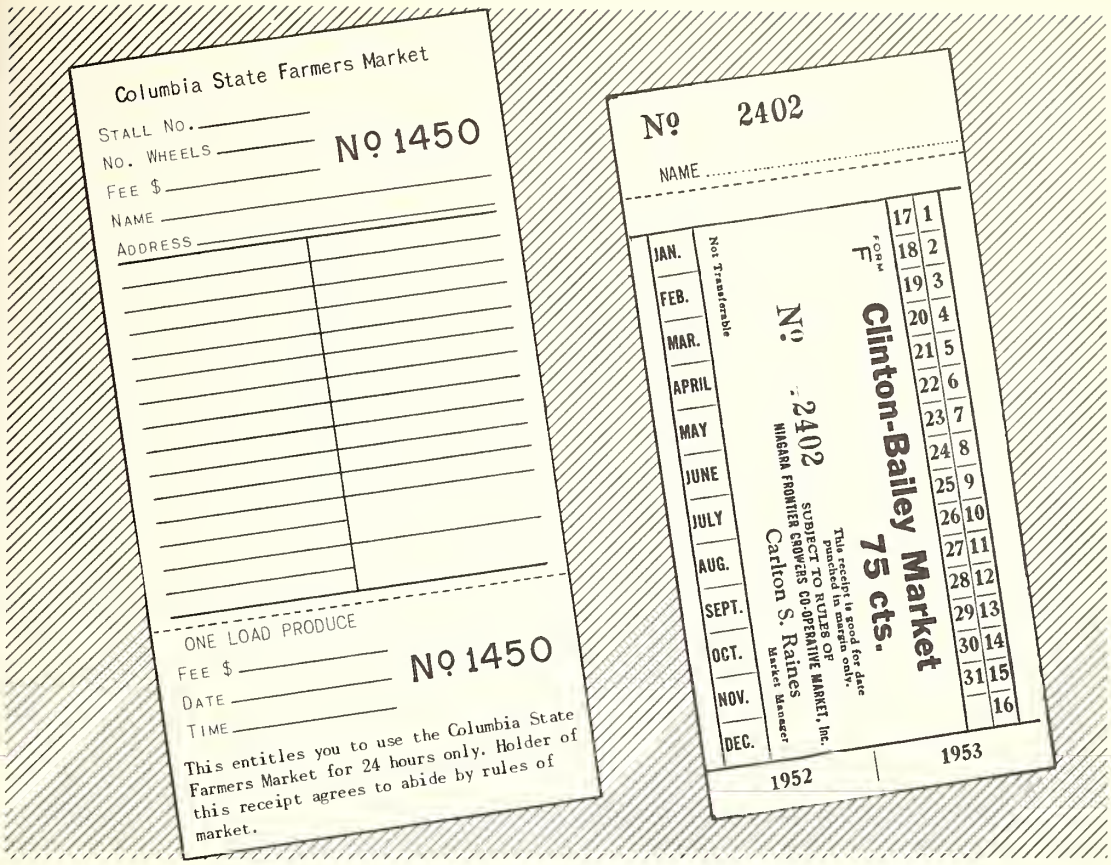


Figure 20.--Daily truck stall rental receipt, Columbia State Farmers' Market; and daily receipt for stall, Niagara Frontier Growers' Cooperative Market.

a tremendous investment in facilities but at the same time competition from other sources is causing more and more produce to pass through marketing channels other than the terminal markets. If this competition is to be offset, there is a need to let trade sources know more of the advantages the terminal market has to offer and to carry on a concentrated campaign to attract buyers and to move a larger proportion of produce through the market.

That not enough of this is being done is evidenced by the small expenditure allotted to advertising and promotion by most markets. On an average, markets spend about $600 annually for publicity. A few spend more but many spend practically nothing. For the most part, there has not been a good appraisal made by the markets of the results of their advertising and what methods are most effective in promoting the market's interests. However, there are exceptions to this. The job that is being done by two markets is cited as illustrating what can be done.

The Minneapolis Municipal Market inaugurated what it calls the *Best Buy* program in 1938. This program was started through a local radio station that was looking for a new idea for an early morning broadcast. The station's home economist breaks into the early morning news program with a *line of chatter* about the fruits and vegetables she had seen

STATEMENT

in account with

NORTHERN OHIO FOOD TERMINAL, INC.

3800 ORANGE AVE.

CLEVELAND 15, OHIO

Invoice No.

Bal. Bra't Forward

Charges for;—

Telephone service

Electric service

Water service

Operating charges

Work orders

Miscellaneous

Total current month charges

Rent

Total amount due

WORK ORDER

NORTHERN OHIO FOOD TERMINAL, Inc.

Order No._____ Date_____ 19____

Bldg. No._____ Unit No._____

Tenant_____

Material and Labor

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Work Done by_____ Hours_____

_____ Hours_____

Labor $_____

Material $_____

OK'D By_____ Total Charges $_____

Tenant's Signature_____

Figure 21.--Statement for services rendered and work order form, Northern Ohio Food Terminal.

on the market ending up by featuring the best buys of the day. This met with tremendous success and other radio stations and newspapers duplicated the program. The market then enlisted the help of the Extension Service of the University of Minnesota and the USDA Market News Service in gathering and disseminating this information. Today the *Best Buy* program is carried by 9 radio stations, 2 television stations, and in 4 newspapers in the Twin City area. It is broadcast early in the morning and repeated several times during the day. This type of promotion costs the market very little but has proved to be extremely valuable.

In Columbia, S. C., the market manager has developed a cooperative program to advertise the market. Each dealer in the market contributes to a general advertising fund. Although the amounts contributed vary according to the size of business, the names of the dealers are printed in the same size type in the advertisements and there is no favoritism as to the placing of the names. The market matches the fund contributed by the dealers. This money has been used to place advertisements in trade papers and local newspapers, and for direct mail advertising to buyers. The management of this market feels that the program has had a direct effect on increasing the volume of market business.

The job of market promotion is very far reaching and has many aspects in addition to those that have been discussed above. For illustration, pavilions for educational purposes have been built in several major producing areas of Florida. These pavilions provide facilities where producers can be taught how to grade and properly pack produce and at the same time inform consumers how to judge quality and price relationships of products of the farm. (See fig. 22.)

The market management can play a very important part in bringing new business to the market by encouraging producers to grow the type and quality of produce for which there is an outlet, by assisting farmers to plan their production operations to meet market needs, by finding sales outlets for produce handled on the market, and by encouraging retailers to move seasonal surpluses.

Some markets issue daily or weekly market news reports which cover crop and market conditions; others have installed teletype machines which record market news information received through the USDA Market News Service. This information is made available to people operating on the market. A good many markets have a daily radio broadcast from one or more stations. In some instances this is sponsored by a private firm such as a farm machinery distributor. Inspection service is provided in some markets. Demonstration schools are held to teach better grading and packing and merchandising methods.

Inasmuch as the market is an integrated part of the community in which it is situated, the management has the responsibility for maintaining good public relations with other businesses and activities in the community and for taking part in civic functions.

The market management should assume responsibility for liaison between persons on the market and other agencies that may be able to contribute to its success. This involves close working relationships with city, county, State and Federal agencies interested in markets and such local groups and other organizations as are concerned with the wholesale market business. Every effort should be made to bring to the market new and improved technological methods in handling and merchandising produce. To do this, the management must keep well informed on the subject of marketing in all its aspects and should be able

Figure 22.--Pavilion used as educational center in Bartow, Fla.

to inform market operators of the new processes that will benefit them and the market business.

One of the most important aspects of market management is to see that good relations are maintained between the buyers and sellers on the market and that disputes are fairly arbitrated so that trading can be carried on in an orderly manner.

Lease Agreements

It is also important both from the standpoint of the market management and the market tenants to have carefully prepared lease agreements. This practice will help to avoid possible misunderstandings and serve to bring about smoother operations for all concerned.

There are a number of different kinds of tenants who lease space on a market and a variety of circumstances which would have a bearing on the provisions that a lease would contain. Therefore, each lease must be drawn to suit a given set of conditions. A few types of lease agreements are in general use and samples of three are contained in Appendix D.

FINANCING MARKET CONSTRUCTION

Raising the necessary funds to finance the building of markets almost invariably has been a difficult task. Why this should be is not easy to answer, because markets that have been built after careful planning and along conservative lines have a very good record of financial success. One reason given by some investment bankers is that most market structures are single purpose buildings. This is fallacious. A market building properly designed can be used for many other types of business. Managers of markets frequently have requests for space on the market from persons who are not food handlers and in two cases in which markets were needlessly built in competition with existing markets, the buildings have been put to other and profitable use. This statement certainly should not be misconstrued as encouragement to build markets with the idea that if the market doesn't work out something else might be done with the structure.

In order to understand more fully the problems associated with financing the construction of a market, it is necessary to consider construction costs, land costs, and financing costs for various types and classifications of markets.

What It Has Cost to Build Markets

Most modern markets were built in two periods namely; from about 1927 to 1940 and from 1947 to the present. No markets were built during the period of World War II because of the scarcity of labor and materials. The costs of building markets today, are of course, much higher than they were before World War II. As an illustration of the difference, structures on one market that cost $500,000 to build about 25 years ago were recently appraised for insurance purposes at a replaceable value of $1,400,000. Therefore, to consider the costs which would be most realistic today only markets that have been built within the last 7 years are used for illustrations.

Wholesale Store Units

One of the first requirements of a good market is compactness. This is not only true in planning the market layout but also in designing the structures. It is important to the merchant that he have a well-planned store unit and that he occupy no more space than he actually requires. Under these conditions, he does not have to pay for more space than he needs and at the same time can handle his merchandise more efficiently. If the store is a sprawled-out, multi-story structure, merchandise must be moved longer distances than otherwise would be necessary. This usually means wasted time and extra costs for labor and equipment.

Although there are some variations, most markets built recently are composed of stores for wholesalers with 1-story units, 60 feet in depth and 22½ feet in width (fig. 23). There is a covered platform 24 feet wide in front of the store and one at the rear of the store building 12 feet wide for use in unloading produce from railroad cars or trucks and moving supplies from one store unit to another. The wholesale buildings are designed with removable partitions for separation of stores. With this arrangement, the wholesaler is able to lease as many units as he needs to carry on his business, and expansion or reduction of space can usually be made easily. The floors of the stores are level with the front and rear platforms, which are at truck-bed and car-floor height and thus are convenient for loading and unloading trucks and railroad cars.

Office space is provided within the units by a mezzanine built along the rear of each store unit. This type of space is relatively inexpensive and its use tends to keep construction costs at a minimum. It also makes it possible for the manager of the firm to oversee from his office the activities in the front part of the main floor below and on the front platforms. It is in this area that most of the trading takes place. To avoid obstructions and make more room for the flow of merchandise to and from the front platform, an overhead door approximately 20 feet wide is provided for the front of the store.

Costs of constructing wholesale store units such as those described above in four markets that have been built since 1947 are shown in table 1. It is noted that the range in cost per unit is from $10,300 to $12,600. This is remarkably close in that construction bids on a given market will vary much more widely than this. As an illustration, one of the markets received a low bid of $358,000 and a high bid of $600,000 on a wholesale store building of 27 units. This market hired a man at $175 per week plus a $5,000 bonus to supervise construction. It then handled the subletting of its own contracts and erected the building for a cost of $277,000.

Costs of construction of terminal and terminal-assembly markets are not segregated or identified in table 1 because there was no discernible difference in building costs per unit between the two classifications. For example, inspection of the data on the costs per unit in various markets indicated that one of the highest figures was for stores that were built in a small city. Building costs in large terminal markets were not noticeably different from building costs in terminal-assembly markets.

Farmers-Truckers' Stalls

Table 2 shows costs of constructing farmers-truckers' stalls for markets built within the last 7 years. The variations in the unit costs shown are due in a large

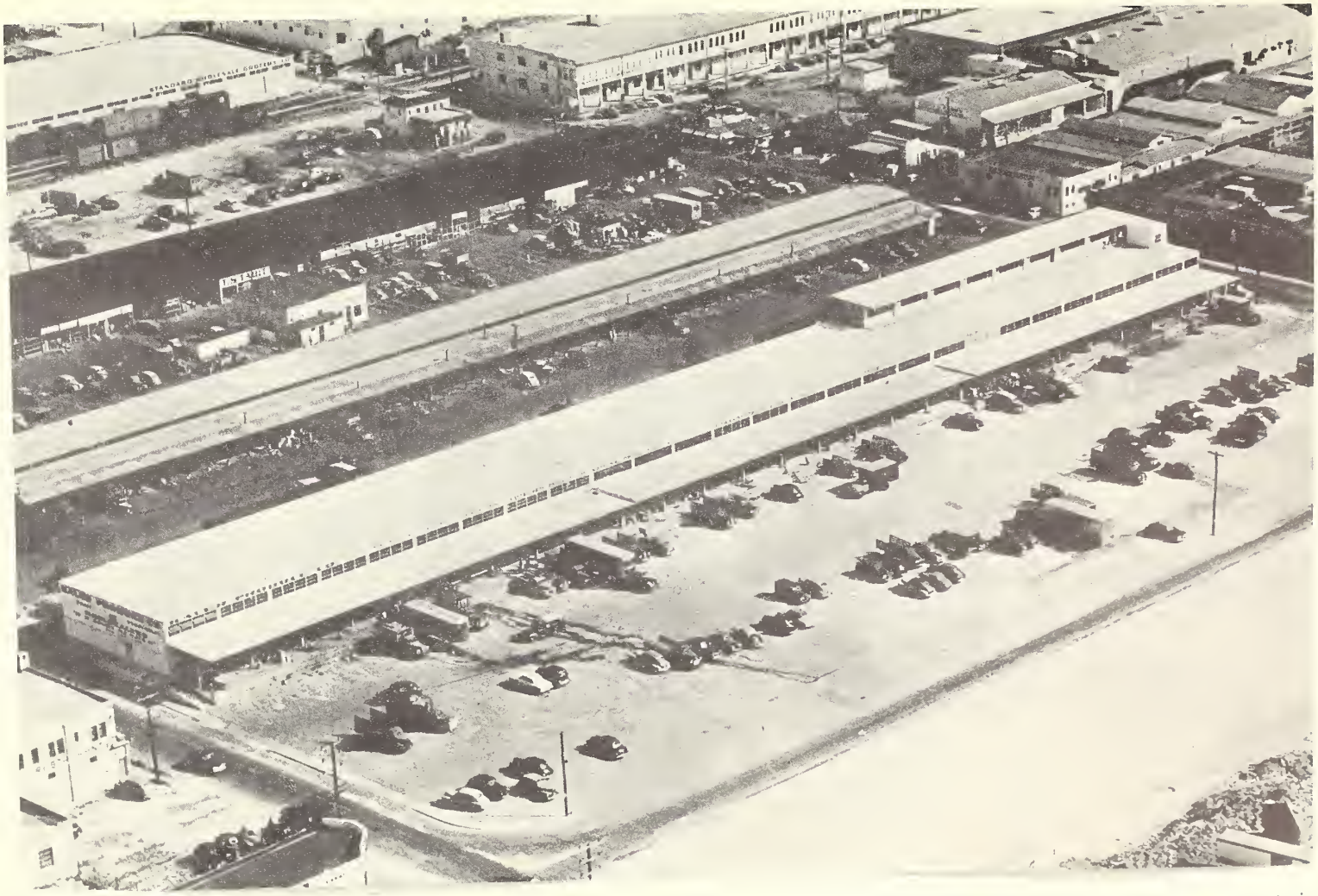


Figure 23.--Wholesale store building at Dade County Growers' Cooperative Market, Miami, Fla. The building contains 27 standard store units having inside dimensions 60 feet long, 22½ feet wide, and 18 feet high. Each store has a mezzanine office. The rear platform is 12 feet wide and front platform 24 feet wide. Part of the building has a second floor (right rear) which provides offices for manager, brokers, and others.

Table 1.--Cost of constructing wholesale store units in terminal and terminal-assembly markets built since 1947 1/

Type of market	Cost of unit	Type of construction
	Dollars	
Terminal-assembly	10,400	Brick-concrete, reinforced steel
Terminal-assembly	12,200	Brick-concrete, reinforced steel
Terminal-assembly	10,300	Reinforced steel and concrete
Terminal	12,600	Reinforced steel and concrete

1/ Size of units 22½ by 60 feet inside dimensions, 24-foot front platform and 12-foot rear platform.

part to the type of platform construction. Concrete platforms cost more than wooden platforms but, on the other hand, they are more durable and easier to keep clean. Some markets have built sheds without platforms at a considerable saving. However, anyone planning to build this type of shed should keep in mind that a number of cities have passed ordinances forbidding the placing of merchandise on the ground for display purposes. The stalls discussed in this section are types that may be used for farmers and truckers in any of the three types of markets included in the study.

Table 2.--Costs of constructing farmers-truckers' stalls for markets built since 1947

Market	Total cost	Stalls	Size of stalls	Cost per stall	Type of construction
	Dollars	Number	Feet	Dollars	
A	127,000	127	12 x 26	1,000	Reinforced concrete pillars 18 inches high with wooden platforms
B	63,500	127	12 x 26	500	Without platforms
C	158,000	90	10 x 30	1,750	Reinforced concrete platform 18 inches high
D	137,100	120	8 x 20	1,140	Reinforced concrete platform 18 inches high

Paving

The amount of paving required in a market will depend on width of streets, parking areas, and arrangement of facilities.

For a new market only those streets which will serve the facilities planned for initial construction should be paved at the beginning. Streets and parking areas to serve other facilities can be paved as the facilities are added to the market. Because of the number of large trailer trucks that bring loads to markets, streets in markets being built today

are much wider than they were a few years ago. For example, the width of streets between wholesale stores in markets built within the past few years ranges from 120 to 200 feet. Managers say that market streets ought to be a minimum of 140 feet and that 200 feet is not too wide.

Ample parking space for motor vehicles is a must in any modern market. Most buyers drive to the market in trucks which they must park while they are making purchases. Many wholesalers and the operators of other market facilities use trucks to haul merchandise to and from their stores. When such vehicles are not in use they too must be parked at some convenient place. Parking space is also necessary for sellers who do not have shed space.

Unless a parking area is provided for these idle trucks, they usually are parked in front of a store or platform and cause severe traffic congestion in the market. Streets must be kept open and spaces at the platforms must be kept free for loading and unloading trucks. This can be done only if parking areas are provided.

Cost of paving markets that were built recently ranged mostly from $1.00 to $1.18 per square yard. This cost is for a tar-and-gravel base with asphalt top. Tar and gravel alone cost from $0.50 to $0.60 per square yard. Size of areas initially paved varies a great deal but examples are: 30,000 square yards for a large farm-assembly market, 50,000 square yards for a terminal-assembly market, and 100,000 square yards for a terminal market.

Administration Building

There has to be some office space in the market for the market manager and his staff, for any public employees such as inspectors and market reporters whose services might be required in the market, for brokers or buyers, and for telephone and telegraph services. In addition, a restaurant and a barber shop, and in the larger markets, a branch bank and other service facilities should be provided. Dealers and farmers operating on the market need to have meetings occasionally to discuss rules, regulations, trading practices, and other business matters. For such purposes a conference room is desirable.

There are several ways of providing accommodations for these services. One way is to construct an administration building to house them. A second method, and one particularly economical in building a new market is to utilize temporarily a unit in a wholesale store building. When this is done the space can be rented later by a dealer if the market expands. This method also has the advantage of allowing time in which to judge the space requirements. A third way is to provide office space on a second story to one of the merchants' buildings. This method has been used very successfully in some markets and it is less costly to construct than a separate administration building.

Office buildings that cost from as low as $6,000 to as high as $362,000 have been built recently. The larger ones include: Restaurant; barber shop; conference room; offices for the manager, market news service, and inspection service; brokers' offices; branch bank; and other facilities.

Service Station

Another facility that is usually provided for the convenience of wholesalers, farmers, and buyers (unless one is already situated in the immediate area) is a truck and automobile service station. Such a station permits local and long-distance buyers to have their vehicles serviced in a one-stop operation. In some cases the market builds the service station and leases it. In other cases the construction and operation of this facility are left to a private firm on land leased to it by the market.

Examples of the costs of service stations built within the past 7 years are: One with two gasoline pumps, $4,500; one with 12 pumps, $40,000. To set any standards of costs for this type of facility is obviously difficult as the cost depends so much on factors such as the type and size of buildings and the area paved.

Railroad Facilities

As a large percentage of all the supplies in the markets arrive by rail, well-designed markets have their facilities arranged so that rail receipts can be unloaded directly from the railroad car into the wholesale stores. This arrangement adds considerably to the efficiency and economy of operations. Recent costs for constructing railroad tracks have been about $8.50 per linear foot. Team tracks in the terminal markets are provided by the railroads.

Processing Plant and Packing Shed

In one market a building for a poultry processing plant with dimensions of 60 by 96 feet cost $27,500. In another market a processing plant of about the same size cost $31,000. The tenants furnished their own equipment.

A packing shed 50 by 200 feet of steel frame construction with 26 gage galvanized steel sidewalls and roofing, cost $22,300. A sweetpotato-curing house 30 by 60 feet cost $11,700.

Fence

Some markets have their entire area enclosed with a fence to facilitate the enforcement of market regulations. Enclosing the market not only improves the enforcement of regulations, but also makes it possible to reduce the costs of administration. Fences that have been built to enclose the market cost about $3.50 per linear foot.

Other Facilities

Other facilities, such as chain-store warehouses, public warehouses, frozen-food packaging plants, and prepackaging facilities, have been built as a part of modern markets. In most cases these facilities are built by the tenant on land which he leases from the market on a long-term basis.

Some of the large terminals also have auctions, but usually these are built, owned, and operated by private firms.

Equipment

Some other items of costs in markets are: Electrical equipment, from $2,300 to $6,300; maintenance equipment, from $2,300 to $6,000; office equipment, from $3,200 to $6,800; and an elevator $6,000.

Cost of Land

As the cost of land is a factor of considerable importance in choosing a location for a market, great care should be taken to obtain a site of sufficient size to accommodate the needed facilities properly at a reasonable price. The higher the price paid for the land, the higher must be the rentals and charges in the market. Therefore, if the undertaking is to be economically sound, and financially self-liquidating, it is essential that a market site be obtained at a reasonable cost.

In large cities it is frequently difficult to find a site that is suitable for building a market, and land values are usually very high. There is also a wide range in the price of land that might be available. Terminal markets included in the study were built on sites costing from $16,000 to $100,000 per acre, the latter figure being very high for this type of project.

Usually a site for a terminal-assembly market can be found at a reasonable cost. Several have been built on land that cost from $1,000 to $4,000 per acre. Since this type of market is located in smaller cities (which are usually not so *built up* as the cities in which large terminals are found), there is usually a larger choice of sites. In some cities however, which are now trying to get a market of the terminal-assembly type built, the sponsors are having great difficulty in finding a suitable site at a reasonable price.

As farm-assembly markets are located mostly in rural areas, finding a site at a reasonable price is usually not a great problem. The land can almost always be found at $1,000 or less an acre. Municipalities interested in the development of a market have been known to make the land available as an outright grant.

In planning any market it should be strongly emphasized that only those facilities which are necessary to accommodate business firms which will be located on it from the beginning, should be constructed initially. The site should contain sufficient land so that the market can be expanded if necessary. Failure of some markets in the past to obtain a large enough site has resulted in their being overcrowded and they now find that land for expansion either cannot be obtained or can be acquired only at a cost that is almost prohibitive.

Summary of Costs for Land and Construction

Large terminal market.--Table 3 shows estimated costs of land and construction of a hypothetical large terminal wholesale produce market based on what it cost to build markets in recent years. These costs do not take into account the cost of building any facilities which were built by private firms on land leased from the market. However, the cost of land that would be needed for such facilities as well as of ground for expansion is included.

Table 3.--Estimated costs of land and construction for a hypothetical terminal wholesale produce market 1/

Cost item	Cost per unit	Units	Total cost
	Dollars	Number	Dollars
Merchants' store building units 2/	11,400	150	1,710,000
Farmers' stalls, concrete platform, steel roofs, units 10 by 20 feet	1,300	300	390,000
Paving . . . . . .square yards	1.15	100,000	115,000
Administration building			100,000
Service station		6 pumps	15,000
Railroad trackage. . . . . linear feet	8.50	5,000	42,500
Fencing. . . . . linear feet	3.50	7,000	24,500
Electrical equipment			5,000
Maintenance equipment			5,000
Office equipment			4,000
Total			2,411,000
Architects' and engineers' fees 3/			144,660
Land per acre 4/	25,000	70	1,750,000
Grand total			4,305,660

1/ Estimates are based on costs per unit of markets built between 1947 and 1953.
2/ 22½ by 60 feet (steel and concrete) platforms 24 ft. front and 12 ft. rear.
3/ 6 percent of construction cost
4/ Cost of land includes storm and sanitary sewer installation charges.

Terminal-assembly market.--The estimated cost of land and construction of a hypothetical terminal-assembly market is shown in table 4. These estimates also are based on costs of building markets in recent years.

Farm-assembly market.--Other than farmers' shed-stalls the facilities that might be found on a farm-assembly market vary considerably from one market to another and therefore, no effort is made to set up the costs of constructing a hypothetical farm-assembly market. However, the most important facilities that would be built on one of these markets are included in table 4 and costs for structures on a hypothetical terminal-assembly market would be about the same as costs for structures on a hypothetical farm-assembly market.

Amortization, Depreciation, and Taxes

Amortization

The length of the period over which the investment in a wholesale produce market might be amortized should be determined by the useful life of the facilities, that is, how rapidly technological developments and other factors might render obsolete the

Table 4.--Estimated costs of land and construction for a hypothetical terminal-assembly produce market 1/

Cost item	Cost per unit	Units	Total cost
	Dollars	Number	Dollars
Merchants' store building units 2/	11,400	60	684,000
Farmers' shed-stalls, concrete platform steel roof (units 10 by 20 feet)	1,300	300	390,000
Paving . . . . . .square yards	1.15	50,000	57,500
Service station		6 pumps	15,000
Administration building			40,000
Railroad trackage. . . . . linear feet	8.50	3,000	25,500
Fencing. . . . . linear feet	3.50	6,000	21,000
Processing plant			30,000
Electrical equipment			5,000
Maintenance equipment			2,500
Office equipment			3,000
Total			1,273,500
Architects' and engineers' fees 3/			76,410
Land per acre 4/	3,000	50	150,000
Grand total			1,499,910

1/ Estimates are based on costs per unit of markets built between 1947 and 1953.
2/ 22½ by 60 feet (steel and concrete) platforms 24 ft. front and 12 ft. rear.
3/ 6 percent of construction cost.
4/ Cost of land includes storm and sanitary sewer installation charges.

facilities constructed at this time. Observations of a number of markets indicate that such facilities will not become obsolete in less than 20 to 30 years. Moreover, the terms of most agencies making loans for capital improvements of this type indicate that it is a sound business practice to repay such loans over a 20- to 30-year period. If a median period of 25 years is used the full cost of constructing new facilities, the cost of the land to be acquired, and the cost of improving the land for market purposes might be amortized over this period.

Table 5 shows what it would cost to amortize loans of specified amounts over a period of 25 years at various rates of interest. The rates of interest are those actually being charged on market mortgages today.

Depreciation

Table 6 shows the rates of depreciation being charged against the types of structures that are listed in a hypothetical terminal market. The total amounts to $62,450 annually.

Table 5.--Annual installment payments necessary to amortize mortgages of specified amounts on wholesale markets over a period of 25 years at various rates of interest

Rate of interest	Amount of mortgage		
	$3,000,000	$1,000,000	$500,000
	Dollars	Dollars	Dollars
3 percent	172,290	57,430	28,715
3.5	182,010	60,670	30,335
4	192,030	64,010	32,005
4.5	202,320	67,440	33,720
5	212,850	70,950	35,475

Table 6.--Depreciation schedule for terminal market structures

Cost item	Total cost	Life	Rate of depreciation	Amount annually
	Dollars	Years	Percent	Dollars
Market building (steel and concrete)	1,710,000	50	2	34,200
Farmers' shed-stalls (steel and concrete)	390,000	50	2	7,800
Paving	115,000	10	10	11,500
Administration building (steel and concrete)	100,000	50	2	2,000
Service station	15,000	10	10	1,500
Railroad track	42,500	50	2	850
Fencing	24,500	10	10	2,450
Electrical equipment	5,000	10	10	500
Maintenance equipment	5,000	4	25	1,250
Office equipment	4,000	10	10	400
Total	2,411,000			62,450

The rate of depreciation that might be charged against the type of structures listed for a hypothetical terminal-assembly market are shown in table 7. It amounts to $34,165 annually..

Taxes

The tax rate on terminal markets which were studied appears to be about $30 per $1,000 of assessed value, although it is higher in some cities. There is also a variation in the relationship of the assessed valuation to the costs of the property. On the assumption that the assessed value is 25 percent of the cost and the tax rate is $30 per $1,000 assessment (as for the markets studied), annual taxes for the hypothetical terminal that cost $4,161,000 (without architect's fee) would be $31,207.

Table 7.--Depreciation schedule for terminal-assembly market structures

Cost item	Total cost	Estimated life	Rate of depreciation	Amount of depreciation annually
	Dollars	Years	Percent	Dollars
Merchants' store building	684,000	50	2	13,680
Farmers' shed-stalls	390,000	50	2	7,800
Paving	57,500	10	10	5,750
Service station	15,000	10	10	1,500
Administration building	40,000	50	2	800
Railroad tracks	25,500	50	2	510
Fencing	21,000	10	10	2,100
Processing plant	30,000	50	2	600
Electrical equipment	5,000	10	10	500
Maintenance equipment	2,500	4	25	625
Office equipment	3,000	10	10	300
Total	1,273,500			34,165

The tax rates and assessed valuation of markets of the terminal-assembly type were found to be very similar to those of terminal markets. Therefore, assuming the assessed valuation is 25 percent of the market value of $1,423,500 (without architect's fee) and the tax rate is $30 per $1,000, annual taxes on this market would be $10,676.

How Funds Have Been Raised

There are a number of ways in which funds have been raised to finance the construction of markets. The method of raising funds depends to a large extent upon the type of market organization.

The first modern markets were built in the late twenties. Most of the large terminals built at that time were sponsored by railroad companies in the belief that such markets would increase the volume of produce tonnage they were handling. The sponsorship of markets by railroads usually has been done in 1 of 3 ways: (1) A railroad builds, owns, and operates a market outright; (2) two or three railroads serving a city have formed a market corporation to build and operate a market, these railroads retain ownership of the stock, and the board of directors is made up of officials of the various railroads that are stockholders; and (3) a railroad has built the market and then sold it to a corporation of produce firms operating on the market; in such cases the corporation has made a partial payment and the railroad has taken a mortgage on the property as security on the balance.

Large financiers, in one or two instances, have built a market and then sold it to the wholesalers and farmers for them to operate.

Private market corporations frequently have raised funds by the issuance of stock. These usually are closed corporations and an effort is made to keep the ownership of the entire issue of stock in the hands of the people who are directly interested in the operations of the market. It is usually necessary to obtain a first mortgage loan on the

property to raise a part of the money needed and sometimes preferred stock is issued.

One farmers' corporation that owned its market site obtained a loan, secured by its real property, large enough to finance the building of a new market. Cooperatives have obtained money in a similar manner. For example, one cooperative market obtained funds through the sale of common and preferred stock and through mortgage loans from the Bank for Cooperatives and others. Another cooperative recently bought the market property by the issuance of $100 individual debenture bonds bearing a 5 percent interest rate and having a time limit of 20 years.

Some of the markets that were built in the thirties obtained financial assistance from the Federal Government as Public Works Administration projects. In these markets the States assisted with the financing.

States, by direct appropriation or grant of State funds, have financed some markets. Also, some States have set up market authorities with power to borrow funds from either public or private agencies. Usually these States have paid part of the cost and the remainder has been financed through the issuance of revenue bonds which have been purchased by private investment companies. These loans may or may not have the full faith and credit of the State behind them.

The assistance of the State or the use of the State's credit for such a market project can be justified on several grounds. The public in general has a strong interest in the manner in which its food supply is handled. The bringing of farm products to consumers with greater efficiency and thus at reduced costs and in better condition is of considerable concern to many groups in the State. The State also has an interest from the standpoint of finding greater outlets for farm products grown within its boundaries, for obviously if this is accomplished it adds to the well-being of its people as a whole. However, since those operating on the market are doing so for private gain, it is proper that they should pay for their facilities and that the revenue from the market should be sufficient to amortize the investment and pay for the expense of operation.

Several markets have been built and are now owned and operated by cities. Most of these are farmers' markets. The market at Kansas City, Mo., is an exception.

OPERATING EXPENSES

The operating expenses of a market are affected by its organization and ownership. For illustration, in some of the large terminal markets the wholesale store units are owned outright by their occupants and the management is a trade association composed of store unit holders. This trade association employs a manager and an administrative staff whose responsibility is largely one of enforcing regulations, maintaining good public relations, handling contracts with labor unions, and advising with market peopke on their marketing problems generally. In this type of arrangement the management does not have direct responsibility for such expense items as maintenance and repairs of structures, taxes, insurance, utilities, and market finances. Also the streets are dedicated to the city; therefore, the municipal government is responsible for street cleaning and lighting, and repairs, and for police and other services.

In another type of organization a corporation owns the entire market and tenants have store units and other facilities on a 99-year (renewable) lease basis. Under this arrangement the market organization assumes responsibility for the original financing and for the overall operating expenses. The unit holder enters into a lease agreement which provides for amortizing the original cost of his store unit over a period of years. After that time he pays $1 a year for the lease plus monthly service charges to the management for operating costs of the market. Costs of services such as street cleaning, policing, street lighting, and so on, are prorated among the tenants. Street repairs are a responsibility of the market, but repairs and maintenance of store units are paid for by their occupants. The market carries liability insurance for the street but each unit holder has his premises insured. Taxes are billed to the market corporation because title is in its name and the corporation prorates them among the lease holders.

In some markets a corporation owns outright the entire market including land and structures. All facilities are leased on a short-term basis. The equipment and installations within the buildings are placed there by the tenants. Under this type of an arrangement the management has responsibility for the expense of keeping up the exterior of the buildings; cleaning and maintenance of streets; providing utilities such as street lighting; providing police protection; arranging for insurance coverage, and paying property taxes. The tenant is responsible only for the upkeep and repair of the interior of his premises. (See Appendix D.)

State and municipally-owned markets assume responsibility for expenses in a manner quite similar to that of markets owned outright by private corporations. However, publicly-owned markets frequently receive certain concessions as to taxes, street cleaning costs, and some other items, which are not enjoyed by private corporations.

For the most part, in this discussion of expenses it is assumed that the market is of the type that is owned outright by a private corporation; therefore it is responsible for all operating expenses and no assistance is received from any government or other agency. When markets not of this type are used for purposes of illustration, adjustments in their operating expenses are made to include the amount of expenditures necessary to cover all expenses.

Tables 8, 9, and 10 show composites of *high, medium, and low* operating expenses for each of the three classifications of markets. In examining these tables the reader is cautioned that the total for the high cost of operating expenses in each table might be a little higher than would be found in any market actually in operation. A market might be classified as *high* in one expense item but only *medium* or *low* in another. Generally, if a market has high operating expenses for part of the items the tendency is for expenses to be high in most of the other items, as a consequence of the fact that when a market is located in a high cost area, wages and other expenses tend to be near the top.

There are many sizes of farm-assembly markets. Some of them are so small that they require only one or two people to run them. Because of their simplicity of operation it is felt that little could be accomplished by discussing them here. Therefore, only operating costs of large farm-assembly markets are referred to in the section dealing with that type of market.

Table 8.--Composite of operating expenses in large wholesale produce terminal markets, by major items

Item	Range		
	High	Medium	Low
	Dollars	Dollars	Dollars
Personal services 1/			
Manager	14,000	12,000	10,000
Bookkeeper	4,700	3,900	3,100
Secretary	3,000	2,800	2,600
Switchboard operator	2,900	2,600	2,400
3 or 4 policemen-gatemen	13,400	12,300	11,000
Janitor	2,800	2,600	2,300
Fees to board members	3,000	2,300	1,600
Total 1/	43,800	38,500	33,000
Travel and per diem	2,300	1,700	700
Advertising and promotion	2,000	1,200	600
Office supplies	1,200	1,000	800
Telephone and telegraph	600	500	400
Insurance 2/	4,875	3,750	2,625
Utilities	4,200	3,300	2,625
Legal and auditing	5,900	1,400	1,100
Real estate tax 3/	40,000	30,000	26,000
Maintenance and repairs 1/	9,000	8,300	8,000
Street cleaning 1/	14,000	12,000	10,000
Miscellaneous	1,000	900	800
Total 4/	128,875	102,550	86,650

1/ Salaries and wages for people engaged in work on maintenance and repairs or street cleaning are included under the costs for these items and are not included under personal services.

2/ Assuming for fire and extended insurance, 80 percent of $2,500,000 value of buildings and insurance rates of $2, $1.50 and $1 per $1,000; for liability insurance a $500,000 coverage and rates of $1.75, $1.50 and $1.25 per $1,000 coverage.

3/ If privately owned markets operate at a profit, they have Federal income tax and in some cases State income tax to pay. State markets are exempted from real estate tax and since they are nonprofit organizations, there is, of course, no income tax. These estimates assume market value of $4,000,000, assessed valuation of $1,000,000, and tax rate of $40, $30 and $26 per $1,000 assessed valuation.

4/ Interest paid on indebtedness and depreciation are carried on the books of many markets as operating expenses. These two items are treated in another section of this report.

Table 9.--Composite of operating expenses in terminal-assembly markets, by major items

Item	Range		
	High	Medium	Low
	Dollars	Dollars	Dollars
Personal services 1/			
Manager	9,000	7,000	5,400
Assistant manager 2/	5,000	4,000	3,000
Secretary-bookkeeper	3,400	2,700	2,100
Switchboard operator	2,800	2,400	2,000
3 gatemen-policemen	9,300	8,700	8,000
Janitor	3,100	2,300	3/ 1,300
Fees to board members	3,000	1,600	1,000
Seasonal and part-time help	2,000	1,500	1,000
Total 1/	37,600	30,200	23,800
Travel and per diem	1,000	700	500
Advertising and promotion	2,000	500	200
Office supplies	700	600	500
Telephone and telegraph	600	500	400
Insurance 4/	3,275	2,550	1,825
Utilities	4,200	3,300	2,500
Legal and auditing	5,100	1,000	700
Real estate tax 5/	14,000	10,500	9,100
Maintenance and repairs 1/	4,000	3,000	2,200
Street cleaning 1/	9,000	7,000	5,000
Miscellaneous	900	600	300
Total 6/	82,375	60,450	47,025

1/ Salaries and wages for people engaged in work on maintenance and repairs or street cleaning are included under the costs of these items and are not included under personal services.

2/ Assistant manager is usually chief gateman-policeman, and so helps with collecting fees and policing market.

3/ Janitor part-time.

4/ Assuming for fire and extended coverage, 80 percent of $1,500,000 value of buildings and insurance rates of $2, $1.50 and $1 per $1,000 coverage; for liability insurance a $500,000 coverage and rates of $1.75, $1.50, and $1.25 per $1,000.

5/ If privately owned markets operate at a profit, they have Federal income tax and in some cases State income tax to pay. State markets are exempted from real estate tax and since they are nonprofit organizations, there is, of course, no income tax. Assuming market value of $1,400,000, assessed value of $350,000, rate of $40, $30 and $26 per $1,000 valuation.

6/ Interest paid on indebtedness and depreciation are carried on the books of many markets as operating expenses. These two items are treated in another section of this report.

Table 10.--Composite of operating expenses for large farm-assembly markets by major items

Item	Range		
	High	Medium	Low
	Dollars	Dollars	Dollars
Personal services 1/			
Manager	5,800	5,100	4,600
Assistant manager or auctioneer	4,700	3,500	2,800
Secretary-bookkeeper	3,000	2,400	1,900
Watchman	1,800	1,600	1,400
Seasonal and part-time help	3,400	2,000	1,500
Total 1/	18,700	14,600	12,200
Travel and per diem	800	500	100
Advertising and promotion	1,100	800	200
Office supplies	400	300	300
Telephone and telegraph	800	600	500
Insurance 2/	1,150	900	650
Utilities	3,000	1,600	1,100
Legal and auditing	800	700	500
Real estate tax 3/	2,000	300	200
Maintenance and repairs 1/	1,100	900	700
Street cleaning 1/	1,100	800	600
Miscellaneous	600	400	100
Total 4/	31,550	22,400	17,150

1/ Salaries and wages for people engaged in work on maintenance and repairs or street cleaning are included under the costs for these items and are not included under personal services.

2/ Assuming for fire and extended coverage insurance, 80 percent of $500,000 value of buildings and insurance rates of $2, $1.50 and $1 per $1,000 coverage; for liability insurance, $200,000 coverage and rates of $1.75, $1.50 and $1.25 per $1,000 coverage.

3/ If privately owned markets operate at a profit, they have Federal income tax and in some cases State income tax to pay. State markets are exempted from real estate tax and since they are nonprofit organizations, there is, of course, no income tax.

4/ Interest paid on indebtedness and depreciation are carried on the books of many markets as operating expenses. These two items are treated in another section of this report.

Although many markets include interest on indebtedness as an operating expense it is not considered an operating expense item in this study. A good many markets included in the study were paying a considerable amount of interest and by far the larger part of it is for the original cost of the market. There is, of course, some interest being paid on money borrowed to make improvements or additions to the market and a very small amount for the purchase of new equipment.

The older markets--those that were built 20 or more years ago--have had an opportunity to reduce greatly or wipe out entirely their indebtedness, and for the most part are paying little or no interest. The exceptions are those that recently have expanded.

Major expense items found in the operation of markets are discussed in the section that follows: (For a detailed account of operating expenses of 27 markets from which usable financial statements were obtained, see Appendix E.)

Personal Services - Salaries and Wages

The largest single item of operating expense in any market is that of personal services or salaries and wages, as it is sometimes classified. In this report this classification includes salaries for management, office personnel, and personnel used in collecting fees and policing the market; and directors fees. In many markets, special services are performed by market employees whose salaries and wages are not included under this classification. For example, some of the larger markets have a full-time maintenance crew which, in addition to making repairs directly charged to the market, also do jobs on a fee basis for tenants within the market, and these tenants are charged with the cost of the services performed for them. The market, of course, has to pay the part of the salaries and wages of this crew which has to do with repairs and maintenance for which the market is responsible. However, as many markets have their repairs and maintenance work handled on a contract basis and include this expense under the cost item *Maintenance and Repairs,* any salaries and wages paid by a market for its share of maintenance costs are shown under the item *Maintenance and Repairs.*

Also, as the job of street cleaning in some markets is done under private contract and in other markets is performed by persons hired by the market management for this purpose, salaries and wages of the people used in the street cleaning operation are not included under personal services but are placed in the classification of *Street Cleaning* expense.

Some markets perform auxiliary functions that are closely related to the market operations but which are not competitive with the businesses engaged in by the market's tenants. Examples of such functions are supplying of seeds, containers, and fertilizer and coopering containers, where such services are not available through private firms on the market. The cost of performing such functions are not considered here as market operating expenses.

The manager's job is a highly specialized one. The number of people who have training and experience in this field is very limited. In nearly every known instance the manager has inducements which are not included in his salary. For example, in the case of a privately-owned market he might have stock in the market corporation. In other cases he might receive special benefits such as an attractive retirement plan. In nearly all cases he has special outside interests in the community where the market is located. Therefore, any organization setting up a new market and deciding to obtain an experienced, successful manager probably either would have to pay a higher salary than the salaries indicated in the tables or obtain a manager from a smaller market where the salary scale is lower.

It should be noted that some markets do not hire all the help listed in these tables. For example, they might get along without a clerk-typist or they might combine the

operation of the switchboard with some other duties. However, in the main, the personnel listed would be quite typical of that employed by markets in these classifications.

The farm-assembly auction markets hire auctioneers. The auctioneer may be on a full-time basis and replace the assistant manager or may be employed for the season only. He usually receives about $100 a week.

As personal services are the largest cost item in operating a market and, therefore, offer the greatest opportunity for cutting costs of operations, at the risk of repetition consideration is given here to the ways by which some markets have been successful in reducing the amount of this item. By turning over the streets to the city, certain markets have been able to get police service furnished by the municipality, which amounts to a substantial reduction of costs to the market. By employing people with a combination of skills a good manager frequently finds that he is able to reduce his staff by as much as one or more employees. By encouraging rentals on a seasonal or annual basis and by training tenants to bring or mail rental payments to the office, the job of collections is reduced. Where fees are collected on a daily basis, a fence around the market with designated entrances and exits makes it possible to collect fees with fewer employees. The fence also simplifies the job of policing and because of it less watchman service is required. Several markets have a janitor on a part-time basis or arrange to combine this service with some other function. Some markets do a much better job than others in *training traffic* and are thus able to keep to a minimum the personnel required to see that vehicles move through the market in an orderly manner. A number of markets find it advantageous to have their bookkeeping done by an auditing firm after the secretary has posted the books.

With the exception of the manager, the personnel employed in the market is made up of people who have skills commonly employed in many industries. Wages and salary rates for these people vary from one community to another. Therefore, anyone planning the costs of personal services for a market can be guided by the prevailing wage rates in the area where the market is located.

There follows a *thumb-nail* description of the personnel arrangements of several markets which might further amplify how existing markets actually operated. It will be noted that several of these have arrangements such as police service furnished by the city which decreased their personnel expenses, and, therefore, might reduce their operating costs below the figures shown in tables 8, 9, or 10. In these examples it is assumed that all expenses are paid by the market, no subsidies being available from any source.

Market 1 is the principal source of supply for a metropolitan population of about 1,000,000 people. The volume of business on the market is handled primarily by wholesale merchants. The market has a farmers' section which has on it as many as 300 farmers during the peak harvest season.

Salaries and wages in this market amounted to approximately $28,600. The personnel consists of the manager, assistant manager (who collects the fees), secretary, part-time bookkeeper, two watchmen on a part-time basis (they also receive compensation from the tenants), and a janitor. Police protection is furnished by the city at no cost to the market. A large number of the farmers rent on a seasonal or annual basis which arrangement

reduces somewhat the problem of collecting fees. A small salary is paid to the president of the board of directors. The board members also receive fees for attending monthly meetings.

Market 2 is the primary source of supply for a population of more than one-half million people. Also, this market assembles large quantities of produce for shipment to distant points, handling approximately 30,000 truckloads annually.

A large percentage of the patrons of the market pay on a daily fee basis. This increases the job of collecting fees. The market is enclosed with a fence and all daily fees are collected at a designated entrance. Furthermore, the market has wide streets and ample ground which reduce the traffic problem; therefore only a minimum number of employees is required to see that vehicles move through the market in an orderly manner.

Salaries and wages amount to $24,400. The personnel employed consisted of the manager, assistant manager, secretary (who posts books and handles the switchboard), three gatemen-policemen, and part-time help as needed during the peak of the local harvest season. An auditing firm does the final bookkeeping.

Market 3 is the primary source of supply for a population of about 500,000 people. In addition to its wholesale merchants, during the peak of local production it is patronized by about 100 farmers selling their own produce.

Salaries and wages in this market amount to $27,700. The personnel includes a manager, an assistant manager, secretary (who also posts the books), clerk-typist, janitor, and a policeman. On this market a large number of the farmers rent stalls on an annual basis. Daily fees are collected by the assistant manager. The final bookkeeping is done by an auditing firm. Board members receive fees.

Market 4 is the primary source of supply for a population of well over one million people. In addition to its wholesale merchants, about 100 farmers sell merchandise on it during the harvest season.

Salaries and wages in this market amount to $34,900. Personnel employed in this market consist of a manager, bookkeeper, secretary, switchboard operator, and four gatemen-policemen. Board members receive fees.

Market 5 is the primary source of supply for a population of 750,000 people. In addition to its wholesale merchants, about 300 farmers and truckers use the market during the peak of local production. A large number of these pay fees on a daily basis.

Salaries and wages in this market amount to $29,100. The personnel employed consist of a manager, secretary (who posts the books), switchboard operator, 4 gatemen, a part-time janitor, and 1 policeman. Final bookkeeping is done by an auditing firm.

Market 6 is a primary source of supply for a population of about 500,000 people. It too has a farmers' section for local growers who use it during the harvest season. During the peak of local production approximately 260 farmers sell their products on this market.

Salaries and wages on this market amount to $20,400. Personnel employed consist of the manager, secretary (who posts the books), 2 gatemen, janitor, and 1 part-time policeman. Additional police service is furnished by the city at no cost to the market.

Market 7 is the principal source of supply for a population of about 750,000 people. It has approximately 300 farmers who use the market during the local harvest season, handling about 35,000 truckloads of produce.

Salaries and wages in this market amount to $27,100. Personnel employed consist of the manager, secretary (who posts the books), clerk-typist, collector, 1 full-time watchman and 1 part-time watchman, 1 weighmaster, and part-time and seasonal help as needed.

Market 8 is a primary source of supply for a population of approximately 500,000 people. It also assembles large quantities of produce during harvest season for shipment to distant points. During the season, approximately 28,000 truckloads of local merchandise pass through the market. Most of the farmers and truckers who patronize this market pay fees on a daily basis.

Salaries and wages in this market amount to $19,400. Personnel employed consist of a manager, secretary (who posts the books), a janitor, and 2 full-time and 3 part-time gatemen-policemen. Final bookkeeping is done by an auditing firm.

Market 9 is a large farm-assembly market located in a producing area. It uses the direct sales method. Annual salaries and wages for this market amount to $18,700. Employed are a manager, assistant manager, secretary-bookkeeper, a watchman, and seasonally 3 PBX operators and fee collectors.

Market 10 is a large farm-assembly market which uses both direct sales and auction. Total salaries and wages for this market are $13,600. Employed are a manager, full-time auctioneer, secretary-bookkeeper, checker, watchman, and seasonal help.

Market 11 is a farm-assembly market selling by the auction method only. Salaries and wages for this market are $15,200. Employed are a manager, secretary-bookkeeper, an auctioneer in season, and seasonal help in the office and package boys who take samples of the products. Fees are paid to board members.

Travel and Per Diem

Included under this classification are per diem and travel expenses for the manager and other administrative personnel and board members. In the case of board members, some of the markets allow expenses for attending meetings, usually held monthly or semimonthly.

The amount allowed for travel and per diem varies widely between markets, ranging from a low of $700 to a high of $2,300 annually for terminal markets (table 8); a low of $500 to a high of $1,000 for terminal-assembly markets (table 9); and a low of $100 to a high of $800 for large farm-assembly markets (table 10). Among the factors that govern the amount allowed for this classification of expenditures are the financial position of the market and the views of the board of directors. The boards of some markets take the view that it is advisable for their managers to gain first-hand knowledge of operations in other markets and to learn about marketing problems in other

areas which might have some bearing on the operations of their own markets. They believe that it is the function of the market manager to furnish leadership on as wide a scale as possible in the field of marketing, and to see that their local situation is given proper recognition in the overall national picture. This is generally true of the more progressive markets. Not all markets are in a position to do the things they would like to do in this respect because of limited income. Therefore, they find it necessary to limit travel to bare essentials.

Advertising and Promotion

Most markets allot some of their budget to advertising and promotion, but as previously pointed out, few of them have a well-developed program. The amount expended for this purpose annually runs from $200 to $2,000, about $600 being spent by most markets. In most markets this sum amounts to less than 2 percent of their total operating expenses. The amounts shown do not necessarily reflect the entire amount spent to publicize the market. For example, in some markets advertising is paid for in part by contribution from the tenants; the balance being charged to the market. This is more fully discussed in the section on management.

Office Supplies

Under this classification are included expenditures for office furniture and equipment, office supplies, printing and stationery, and postage. On an average, markets spend about $600 for this purpose. In some instances in which a large number of bulletins are sent to a wide mailing list the amount expended for this purpose is as high as $1,200.

Telephone and Telegraph

The average market has an expenditure of from $400 to $800 a year for telephone and telegraph. This amount will vary somewhat from year to year; one of the factors affecting it being crop and market conditions. The market manager is frequently called upon to check sources of supply and possible market outlets, especially when local growers need help in moving a heavy crop or when the market situation is generally uncertain and dealers need to know something of general conditions. Changes in the market for perishables can fluctuate so rapidly that most rapid means of communication are frequently required. The amount expended is also influenced by the proximity of the market to both production and distribution areas. In some large markets which have a central communications system, the market's telephone and telegraph expenses are absorbed by the income received for services to users of the system.

Insurance

Included under this classification are costs of bonding employees, premiums for insurance to cover damage to buildings by fire and windstorm, and premiums for public liability insurance.

In every market the manager and other employees who are in a position to handle money are bonded. The amounts vary, but a typical market will have employees bonded as follows: The manager for $10,000, secretary (who handles cash receipts) for $3,000, and employees who collect fees, $1,000 each. Premiums for such bonds are paid by the market.

Most markets carry fire and windstorm insurance on the market structures. The amount carried is usually from 80 to 100 percent of the replacement value. The rates of insurance vary widely. They are determined by the type of structure and the location of the market. For example, the insurance rate for windstorm in an area subject to tornados is much higher than it would be in another location. At the same time, fire insurance rates are affected by the markets surroundings, and the fire protection provided. Therefore, it is impossible to give any rates that might be generally applicable.

All of the privately-owned markets studied carry liability insurance. State-owned markets do not carry this type of insurance, because of their favorable legal position in that a State cannot be sued without its consent.

The amount of public liability insurance carried varies considerably among markets. It is usually based on the experience the management has had in having to settle liability claims. Some markets have had a number of lawsuits filed against them for sizable amounts and frequently for very trivial and unexpected reasons. One market in a medium sized city had liability lawsuits for $1,500,000 pending against it at one time. This market today carries liability insurance amounting to $500,000 for each accident and $300,000 for each person.

In the case of some of the terminals where the tenant owns his store unit, the market corporation does not find it necessary to carry large amounts of liability insurance. In these markets, under the contract of sale or lease (99 years) the store operator is required to carry liability insurance on the premises he occupies and the market corporation's liability is limited to occurrences on the streets or other parts of the property which are in general use.

Taxes

Although markets owned by States and municipalities are tax free, some markets operated by State market authorities make payments to them in lieu of taxes. Taxes represent a very large percentage of the cost of operating a market that is privately owned. For one privately-owned market about 43 percent of its total operating expenditures is for taxes. In other words, out of $92,400--the cost of operating the market--$39,400 goes for property and income taxes. Of the private terminal-assembly wholesale markets studied, the smallest amount paid by any one of them for taxes was approximately $9,100.

The tax rate on most of the markets studied was about $30 per $1,000 assessed valuation. However, 2 markets had a tax rate as high as $40 per $1,000. Although the amount of land and market structures, of course, have an effect, it was found that the greatest difference in the total amounts paid arose from the size of market and the variations in assessed value. This fact emphasizes the importance of giving careful consideration to land values in planning a market. In many instances it is found that markets are situated on land suitable for industries which can afford much higher rent whereas a site which would be just as good for the market can be obtained at a much lower cost. Although it would be very difficult and in most cases impractical for existing markets to consider moving to lower-value sites; careful consideration should be given in planning new markets to the cost of land and tax rates to keep the item of expense to a minimum.

Utilities

Included under this item are lights, power, water, and heat. Most markets provide floodlights for such hours of darkness as they are open and lights in the farmers' shed. Electricity and water are also furnished for office buildings. Tenants pay for the utilities used in their store units.

For terminal and terminal-assembly markets the cost of utilities ranges from $2,500 to $4,200 a year, with the exception of one or two markets that have air-conditioned office buildings where costs run much higher than this.

The cost of utilities for large farm-assembly markets ranges from about $1,100 to $3,000 a year.

Some markets have utilities for the entire market on a master meter and then submeter them to the tenants. This arrangement greatly reduces costs of utilities and in some cases actually turns a cost item into a source of revenue for the market. (See the section on sources of revenue.)

Legal and Auditing

The amount required for professional legal and auditing fees paid fluctuates widely from year to year on each market. It is dependent on any special situation the market might have had to deal with during the year. For example, it can be influenced by liability suits, new construction on the market, or reorganization of the market. Of the terminal and terminal-assembly markets studied, the highest amount paid for legal and auditing during the year was $5,900. The average was $1,400. Inspection of the markets' records over a period of years indicates that this average is not too far out of line from what a reasonably good size market might expect during any one year. Legal and auditing fees for farm-assembly markets were mostly from $500 to $800 annually.

Maintenance and Repairs - Buildings and Equipment

Under this expense item the following are included: Repairs to equipment, hand tools, building materials, other materials, supplies, parts and fittings, maintenance supplies, track maintenance, repairs to buildings, and wages of maintenance personnel.

In other sections of this report it has been stated that markets have different methods of handling their maintenance and repairs. A large terminal market might have its own maintenance crew. Many markets have a handyman who will take care of minor jobs but call in the services of a firm that specializes in this type of work to handle larger jobs.

The State of Florida, which operates a number of farm-assembly markets, has a traveling building crew which not only takes care of maintenance and repairs of these markets, but also handles the construction of new facilities and the expansion or alteration of existing ones.

The amount of money to be spent on maintenance and repairs is determined by a number of factors, the most important of these being the type of construction, the age of the market, and, of course, the size of the market. It was found that for markets of steel

and concrete construction, built in recent years, the cost of upkeep is negligible. Only one market built since the end of World War II had a sizable repair job and this was the result of its being constructed on filled-in ground that had not settled properly. Markets built 20 or more years ago do have an expense item for repairs and maintenance. For a large terminal market this item amounts to about $8,000 to $9,000 a year. In a market of the terminal-assembly type the average cost of maintenance and repairs over several years amounts to from about $2,200 to $4,000. Most of the farm-assembly markets studied are of wooden construction. The cost of maintenance and repairs on the larger of these ranges from $700 to $1,100 per year.

Street Cleaning

Produce markets either contract with a firm to handle its street cleaning, or buy street cleaning equipment and hire a crew to do the job. The cost of doing it in either way appears to be about the same.

The cost of street cleaning in the large terminals ranges from about $10,000 to $14,000 a year. In the terminal-assembly markets the range is from about $5,000 to $9,000. In a farm-assembly market the cost of cleaning ranges from about $600 to $1,100.

Miscellaneous

Miscellaneous expense items for a large terminal market range from about $800 to $1,000; in a terminal-assembly market the range is from about $300 to $900, the range in a farm-assembly market is about $100 to $600.

SOURCE OF INCOME

Regardless of the type of ownership of a market, it is generally conceded that it should be a sound business undertaking and therefore, its earnings should be sufficient to pay for the purchase of the land, amortize investment in the facilities, take care of necessary operating expenses, and in the case of privately-owned markets give the persons who finance the project a reasonable return on their investment. To accomplish this in a fair and equitable manner, the management must make every effort to see that each person using the market pays as nearly as possible his proportionate share of these costs. For example, each wholesaler should be assessed enough to pay the cost of amortizing the store unit that he occupies and if his store should have direct rail connections, he should pay his share of the cost of bringing the rails to the area. Similarly, each seller should pay enough to liquidate the cost of constructing the shed-stall space that he uses. In addition, all of these people should pay their share of overall operating expenses.

There are such costs as paving, fencing, team tracks, street lighting, and market management for which it is very difficult, if not impossible, to determine the exact share each person should pay according to the value he receives from them. How income is to be derived for such expenditures can be arrived at only by arbitrarily prorating charges on a basis that seems fair and reasonable. Therefore, the management must keep alert for any legitimate source of income which the market might not be taking advantage of. Managers of some markets have converted some items of expenses into sources of revenue. For example, one market that was having a problem disposing of garbage and paying for its removal arranged a contract with a hog producer not only to truck the waste produce away but also to pay for it.

It is imperative for the management to keep facilities occupied at as nearly 100 percent as possible and to try to get all segments of the produce industry located on the market. This is essential if the market is fully to serve its purpose. In the past some markets have been built with the thought of taking care of only one or two segments of the industry such as fruits and vegetables or meats. Overhead costs can be reduced by having a complete market and at the same time such a market can render better service.

In determining the amount of annual income a market should have, the following factors must be taken into consideration:

1. Current operating expenses.
2. Amortization of land and construction costs.
3. A reserve fund for taxes, amortization of debts, and unforseeable or emergency expenditures.
4. A reasonable profit for capital investment (if a private corporation).

As a matter of policy, the market organization itself does not engage in the buying or selling of produce or in any other type of business that would be in competition with the market tenants. Generally speaking, the markets' sources of income are limited to rentals and fees for the use of market facilities, services to market users, and the sale of utilities and supplies to market tenants.

Table 11 shows the annual range of income that might reasonably be expected by source from facilities and services of a terminal market in one of our larger cities. This assumes that the facilities would be about the same as those shown for the hypothetical terminal market in table 3. Although other operations that would provide sources of income might be attracted to the market, the ones listed in table 11 are basically those which would be depended on as primary sources of income.

Table 11.--Annual range of income for a hypothetical large terminal market, by source of income

Source	High	Low
	Dollars	Dollars
Rental		
150 standard wholesale store units	360,000	270,000
300 farmers' shed-stalls	37,500	30,000
Other (offices, branch bank, etc.)	26,000	16,000
Restaurant (6 percent on gross)	20,000	9,000
Service station (2 cents on gallon)	16,000	4,000
Utility sales (electricity, water, heating, and telephone)	16,000	9,000
Services performed for tenants (repairs, cooperage, etc.)	20,000	12,000
Miscellaneous (sales fees, vending machines, sales of materials, etc.)	8,000	6,000
Total 1/	503,500	356,000

1/ Does not include such items as ground rent from firms that lease land from the market and build their own facilities.

Other facilities such as public warehouses probably would pay ground rent or the firm might buy the land outright and contribute to the market for expenses such as policing. In table 12, possible income for a hypothetical terminal-assembly market is shown. This market contains facilities similar to those shown for this type of market in table 4.

Table 12.--Annual range of income for a hypothetical terminal-assembly market, by source of income

Source	High	Low
	Dollars	Dollars
Rental		
60 standard store units	144,000	108,000
300 farmers' shed-stalls and gate fees	45,900	24,700
Other (offices, branch bank, etc.)	6,500	3,600
6-pump service station (2 cents on gallon)	6,500	5,000
Restaurant (6 percent on gross)	6,600	5,100
Processing plant	3,000	2,200
Utility sales and telephone commissions	7,200	3,000
Truck scales	5,800	3,500
Miscellaneous	3,000	1,000
Total	228,500	156,100

Rentals on Buildings

The largest item of income for large wholesale terminal markets is derived from the rental of buildings consisting principally of wholesale store units. In the large terminal markets studied the amount received from this source ranges from 50 to 80 percent of the total income. One of the things that determines this percentage is how complete a job is done in bringing all types of food-handling facilities into the market. Generally speaking, the larger the terminal the greater becomes the proportion of merchant wholesale stores and similar facilities in relation to other facilities on the market. Therefore, a larger percentage of the revenue must be obtained from them.

It will be noted from table 11 that about three-fourths of the total income is from rental of wholesale store units. This table shows a market with 150 standard wholesale store units. If the terminal were either larger or smaller, the number of these units probably would show the greatest change and hence the greatest effect on the market's income.

Table 13 shows for 3 selected markets of the terminal-assembly type that they also rely heavily on building rentals for revenue, some markets in this group receiving as much as 73 percent of their total income from this source. However, in most terminal-assembly markets, the wholesale store units make up a smaller percentage of the entire market facilities than they do in the large terminal and the income obtained from them proportionately is usually not as great as it is in the terminal markets.

For the most part, privately-owned markets built within the last few years are receiving store rentals of from $0.11 to $0.15 a square foot per month. The rent is

Table 13.--Amount and percentage distribution of income for selected wholesale produce terminal-assembly markets, by source

Source	Income from market					
	A		B		C	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rentals						
Buildings	40,000	40	150,000	61	89,000	73
Shed-stalls	24,700	25	35,700	15	18,300	15
Office space	4,900	5	18,700	8	3,600	3
Restaurant	6,000	6	8,900	4	1,500	1
Land	4,600	5	-	-	-	-
Service station	-	-	15,200	6	-	-
Garage	3,700	4	-	-	-	-
Barber shop	-	-	1,200	1	-	-
Processing plant	1,400	1	-	-	-	-
Fees and receipts						
Gate and parking	-	-	9,200	4	-	-
Telephone commissions	5,900	6	-	-	-	-
Interest	-	-	-	-	7,200	6
Sales of utilities	7,200	7	-	-	-	-
Miscellaneous	600	1	2,000	1	1,800	2
Total	99,000	100	240,900	100	121,400	100

calculated on the basis of the inside dimensions for a standard one-story unit. This unit has inside dimensions of 22½ by 60 feet, a 12-foot rear platform, and a 24-foot front platform; it is 18 feet high and has a mezzanine office. On this basis, rentals are approximately $1,200 to $2,400 a year.

The original cost of the market is, of course, a factor in determining the amount of rent that is charged for wholesale stores. Among the things that have a bearing on this are types of construction, costs of land, and market location.

Rentals for other buildings, such as a chain store warehouse, when built by the market, are worked out on a similar basis. But for the construction of large facilities, such as a cold-storage warehouse or a wholesale grocery warehouse, many markets follow the practice of leasing the land on a 99-year basis to an established firm which then erects its own structure.

As farm-assembly markets are usually located in rural areas only a few of them have merchants' stores as part of their facilities and in such cases store rentals make up only a small part of the total income.

Shed-Stalls for Farmers and Truckers

In large terminal and in terminal-assembly markets revenue obtained from shed-stalls is usually the second largest item of income. In a good many of these markets the number of farmers selling their own products at wholesale has declined considerably in the last

few years and, as a result, farmer's shed-stall rentals and gate fees are decreasing in importance as a source of revenue. Farmer shed-stall rentals on markets in the large cities vary from $110 to $200 a year per unit. In most cases about $125 annual rental can be expected from each farmer shed-stall. Fees charged farmers using these large markets on a daily basis usually range from $1.50 to $2 per unit.

In the terminal-assembly markets there are a variety of charges for farmer shed-stalls and for use of the market by farmers and truckers selling from their trucks. Table 14 shows what some of these charges are on eight selected markets. It will be noted from this table that the market users pay at daily, weekly, monthly, and annual rates. Many of these markets have both shed-stalls and open spaces for sellers. Also, they cater to trucker-merchants as well as to farmers. Although spaces for selling are usually available to farmers on other terms in the large terminals there is a tendency for most growers to rent shed-stalls on an annual basis.

Table 14.--Rentals charged sellers on wholesale produce terminal-assembly markets, by items

Time and source	Rental from market							
	I	II	III	IV	V	VI	VII	VIII
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Daily								
Truck								
Pick-up	0.50	-	1/ 1.50-2.50	1.00	0.75	1.00	-	0.50
Dual wheel	1.00	-	1.50-2.50	1.00	1.50	1.50	-	.50
Ten wheel	2.00	-	2/ 12.50	-	2.00	2.50	-	-
Truck or trailer	3.00	-	12.50	-	2.00	3.00	-	-
Weekly								
Shed-stalls	-	-	-	4.50	-	-	-	1.75
Monthly								
Shed-stalls	10.00	-	-	18.00	-	10.00	20.00	5.00
Annual or seasonal								
Shed-stalls	-	110.00	-	-	90.00	-	80.00	65.00
Open	-	75.00	-	-	-	-	-	-

1/ Charged according to location of parking.
2/ Charged out-of-State truckers with loads of watermelons during season. Other than this truckers are not permitted to sell.

In many of the farm-assembly markets, shed-stall rentals and gate fees make up most of their income. Table 15 shows the sources of income of three markets which were selected because the income is much more diversified than in the average market, but even in these three markets income from shed-stalls and gate fees amounts to from one-half to two-thirds of the total.

Office Rentals

A third source of income is from office rentals. These offices may be in a separate administration building or located on a second floor above the wholesale stores. Offices are rented primarily to food brokers, out-of-town buyers, Federal and State Government agencies, branch banks, and communication agencies. Rental rates for office space vary widely even within some markets. There is little relationship between the amount of this type of office space needed and the size of the remainder of the market. However, from the markets surveyed, it would appear that an annual income of about $26,000 might be expected from office rentals in a large terminal.

Table 15.--Source of income for 3 selected farm-assembly markets

Source	Income from market					
	I		II		III	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rentals						
Shed-stalls	18,800	57	4,000	9	10,000	52
Office space	6,300	19	800	2	1,200	6
Restaurant	1,600	5	300	1	700	4
Land	100	-1	1,000	2	800	4
Service station	-	-	1,100	2	1,600	8
Warehouse and packinghouse	-	-	5,800	13	400	2
Barber shop	200	1	-	-	-	-
Processing plant	-	-	1,000	2	2,200	11
Cold storage	-	-	200	-1	-	-
Fees and receipts						
Gate-package	-	-	30,400	68	2,400	12
Telephone and telegraph	1,400	4	-	-	100	1
Scales and miscellaneous	4,500	14	-	-	-	-
Total	32,900	100	44,600	100	19,400	100

Table 13 shows that in terminal-assembly markets some of them obtain a sizable income from renting office space, one market receiving as much as $18,700 annually. However, this would appear to be an outside figure and a sum of about $5,000 annually might be nearer the amount that could be reasonably expected.

Many of the farm-assembly markets obtain a sizable part of their revenue from office space. Table 15 shows that income from office rentals ranged from $800 to $6,300 or from 2 to 19 percent of the total income.

Restaurant

Another source of income for markets is revenue received from restaurants. In some cases, space is rented to be used as a restaurant and the income is on a straight lease basis. As a rule, however, the restauranteur obtains a concession on a percentage of the gross business, usually about 6 percent. In the farm-assembly markets the restaurant building is frequently rented on a flat monthly or annual basis. The amount of revenue that can be obtained from a restaurant is affected by a number of factors and does not necessarily depend on the size of the market. For example, if the market is located in a neighborhood where other eating establishments are nearby, the restaurant will not do as much business as it would if the market were in an area where it is difficult for market users to find other convenient places to eat. Also, some market restaurants have built up reputations which attract customers from outside the market itself. In other cases, the restaurant is patronized almost exclusively by the people who use the market.

Amounts of income received from restaurants operated on markets ranged from $9,000 to $20,000 in the large terminals. Lesser, but nevertheless significant, revenue is obtained from this source in the smaller markets.

Land

Revenue from land may be derived from leasing building spots to market tenants or in the case of some markets which have provided space for future expansion, the ground not in use might be rented for parking or some other purpose.

Service Station

Many markets find a service station to be a good source of income as well as a very useful auxiliary to the market. Here again the size of facilities needed does not have a direct relationship to the size of the rest of the market for it is greatly affected by the extent of competition in the general locality. Some markets lease the ground to a firm which erects its own service station. In these instances, the market receives $0.02 on each gallon of gasoline sold.

Garage

A few markets have a garage located on them. This serves as a convenience to their patrons as well as a source of revenue. The advisability of having a garage on the market is largely dependent on the availability of garage service in the area.

Barber Shop

A barber shop is another facility which some markets find to be a convenience for their users while offering a small source of revenue. Where the market is patronized by a number of long-distance truckers, a shower room is sometimes furnished in connection with the barber shop.

Processing Plant

Often, it is found that a processing plant is a desirable and needed facility on a market which is located in a producing area (fig. 24). Poultry processing and fruit freezing or canning plants were found and are an important source of income on several markets. In table 12 it will be noted that the revenue from this source amounts to from $2,200 to $3,000 on a hypothetical terminal-assembly market. On one of the smaller terminal-assembly markets the annual income from a processing plant amounts to $32,000 but this is exceptional.

Warehouse and Packinghouse

Storage and packing, like the processing function, are important in some markets and accordingly they provide a share of the revenue.

Table 16 shows some rental rates for facilities on selected farm-assembly markets. Any equipment required for the building is furnished by the tenant. The market leases a building as a *shell* and is responsible for outside repairs and maintenance only.

Figure 24.--Poultry-processing plant, Farmers' Central Market, Jackson, Miss.

Table 16.--Rental rates on selected farm-assembly markets, by facilities

Facility and size	Rental rate: Yearly	Rental rate: In excess of yearly rate
	Dollars	
Packinghouse		
50 x 204 feet	1,800	3 cents a bushel
		2 cents a lug
50 x 204	1,375	3 cents a bushel
		2 cents a lug
64 x 100	1,053	3 cents a bushel
		2 cents a lug
50 x 100	900	3 cents a bushel
		2 cents a lug
60 x 100	1,200	2 cents a package on vegetables
		3 cents a package on tomatoes
16 x 50	120	2 cents a package on vegetables
		3 cents a package on tomatoes
57½ x 280	2,000	2 cents a box up to 50,000 boxes
		1 cent per box excess
Platform space		
50 x 96	1,500	
30 x 380	1,200	
60 x 30	1/ 50	
16 x 40	1/ 150	
Restaurant		
30 x 70	2/ 100	
12 x 40	350	
30 x 44	800	
Broker's office		
12 x 14	262	

1/ Season.

2/ Month.

Gate and Package Fees

Gate and package fees constitute one of the primary sources of income for markets that have a large number of farmers selling home-grown produce in season. Some markets rely on this method of charging farmers to the exclusion of farmer shed-stall rentals. Other markets use both methods. Table 17 shows package fees charged sellers on assembly and terminal-assembly markets by direct and auction sales.

Table 17.--Package fees charged sellers on assembly and terminal-assembly markets, by direct and auction sales

Direct sales		Auction sales	
Packages	Fee	Container	Fee
Number	Dollars		Dollars
1 - 10	0.70	Bushel	0.03
11 - 25	.85	Lug	.03
26 - 50	1.10	Crate	
51 - 100	1.65	Asparagus, 12 bunch	.04
101 - 150	3.25	Strawberry, 32 quart	.03
151 and up	6.50	Basket, 5-8	.02
		Hamper, bushel	.03
		All other	.02
			Percent
		For loose goods	3

Telephone and Telegraph

Income from telephone and telegraph varies a lot with the services performed. In the smaller markets it is usually limited to a percentage of the tolls paid into phones placed throughout the market at points convenient to buyers and sellers.

Larger markets frequently have more complete communication systems through which they offer more services. In some markets this may include tie lines to radio stations for promotion. Terminal markets and some of the larger assembly markets operate inter-communication systems through which they can reach all firms in the market. The service charges are prorated to cover the costs of operating the system and at the same time pay the telephone bill of the market management with possibly a small profit in addition.

Utility Sales
(Electricity, Water, Heating)

Utilities are an unduly large item of expense in some markets. In other markets the management has arranged to have electricity and other utilities used by the patrons placed on master meters. They pay lower rates because of purchasing in wholesale quantities. They then have furnished utilities to market tenants through submeters at retail prices.

Only a very few markets have an income from the sale of utilities but these markets have succeeded in turning this service into a significant source of income.

For some markets the spread between the wholesale and retail charges is enough to allow the market to refund to its tenants almost 25 percent of their annual bills while at the same time paying for the lighting of streets and alleys and giving the terminal a substantial profit. Similar procedures are followed for other utilities in some markets.

Services Performed for Tenants

As a rule, market facilities are leased with the understanding that the tenant is responsible for all maintenance and repairs within the building and the market management is to take care of the building's exterior and the streets. In many markets all of this repair work is done by outside building firms, but a few markets have found it advantageous to employ their own maintenance crews. This crew in addition to handling the work for which the market is responsible also does jobs for tenants and the market is paid for this service. Earnings from such a service can take care of much of the costs for maintenance and repairs which otherwise the market would have to pay *out of pocket*. In addition, there is frequently a small profit.

Fees for Use of Scales and Miscellaneous Items

There are several other kinds of fees charged users of markets. Probably the most important from the standpoint of revenue is the fee charged for the use of scales.

Some markets charge a fee to farmers who rent stalls or use the auction but no charge is made to farmers who deliver directly to wholesale houses on the market. However, other markets collect a fee (referred to as a set-off fee) from farmers who deliver produce to wholesale houses. In some markets that have a *gate fee,* farmers have voted that an additional fee for an auction is worthwhile for those who use it.

MARKET REGULATIONS

Regulations affecting produce markets are classified for this study in five ways: (1) Those promulgated by the management of an individual market; (2) Federal regulations; (3) State regulations; (4) municipal regulations; and (5) in some markets credit associations have been organized to aid in regulating credit of a market. The following pages describe in some detail most of the more important regulations in these categories:

Individual Produce Market Regulations

The market manager is responsible for the administration and enforcement of rules and regulations necessary for the proper conduct of the market. In most instances he is delegated the authority to make additional rules and regulations necessary to carry on market operations. The making of rules, of course, is usually done with the advice and counsel of his board of directors.

All persons using the market must comply with the directions and orders of the manager and his duly authorized representatives. He has the power to make decisions and enforce rules in all cases of controversy between buyer and seller. Generally speaking, the manager and some of his aides have police authority over the market and the streets and alleys immediately adjoining, such authority having been delegated to them by the State or city.

In order to carry out his responsibility in this respect it is considered desirable to post rules in places throughout the market where they can be seen easily by the patrons. However, even though market managers are empowered with a good deal of authority, most of them subscribe to the maxim that *he who governs best governs least.* As a result, managers, to a large extent, depend upon reasoning and persuasion to get the job done and only when these methods fail do they assert their authority. A few of the best-run markets have no written rules at all.

Before any rule is made it should be very carefully thought through. The management should be thoroughly convinced that there is a definite need for it and that its provisions can be carried out. Once it is published it should be enforced reasonably and equitably. Any hint of favoritism must be avoided. If this is not done, it will cause no end of dissension and can easily become the *bad apple* that spoils the smooth operations of the market.

Some rules that might serve a useful purpose in regulating a market are given below. Most of these are selected from those published by various markets and each of them has served a useful purpose under the circumstances for which it was prescribed. Some of these regulations apply to terminal, terminal-assembly and farm-assembly markets, whereas some are applicable to only one of these types of markets.

Rentals and Fees

Rentals and fees fall into three general categories.

1. Rentals collected from occupants of store units, warehouses, service stations, restaurants, and other buildings on the market. These tenants are usually on a lease basis and the manner of payment is prescribed in the lease agreement. Therefore, no special rules for collection of this type of rental is required.

2. Rentals collected from farmers and truckers who rent stalls on a monthly, semi-annual, or annual basis. Most markets have rules governing this type of rental and examples of some of these are as follows:

a. It shall be unlawful for any person to sell or offer to sell any product on the market until he has paid the stall rental or has made satisfactory arrangements with the market manager.

b. Stall rentals shall be divided into two classes, annual and daily. The schedule of fees as determined by the management shall be available at the office of the manager.

c. The annual stall rental period shall be from May 1 to April 30 each year. (Dates vary according to growing season in the area.)

3. Fees collected from persons who use the market on a daily basis. This includes farmers, truckers, and in some instances, buyers. Such fees are usually obtained as the vehicle enters the market or the management has checkers who go about the market making collections. Some of the rules which govern daily fees are:

a. The daily fee shall entitle the seller to the privileges of the market for a single session. If more than one market session is held per day the seller shall pay a special daily fee for each session attended.

b. The daily market fee at each market session shall be payable before the seller enters the market area.

c. All such persons must have in their possession at all times during the market session the official receipt of the market.

d. Fees for trucks shall be as follows: 2-axle trucks, $___ per day or load; 3-axle trucks, $___ per day or load; semi-trailers, 3-axle trucks or larger, $___ per day or load.

e. Operators using trucks for storage shall be charged $___ per night.

Personal Conduct and Violation of Rules

Because market officials have power to make arrests whenever anyone in the market area is found violating rules of the market or laws of the State or city, the management is in a position to act promptly. Some of the rules which have been made governing personal conduct on a market are:

1. The market manager has the authority to deny any person the privilege of operating on the market who, in his judgment, is using methods that are detrimental to attendance at the market or to market policy. Appeal may be made to the grievance committee.

2. The market manager shall have the authority to order and remove any person from the market who is guilty of any violation of the market regulations, or who may be guilty of violating any ordinances of the city or State, or who shall fail to obey any lawful orders of the market manager.

3. Any person, firm, or corporation who violates, disobeys, omits, neglects, or refuses to comply with any of the provisions of the market regulations shall be punished by a fine of not less than $___ and costs of prosecution, or by imprisonment for a period of not less than ____ days nor more than ____ days or both at the discretion of the court before whom such conviction may be made.

4. No person shall deface or damage the buildings, pavement, or other physical equipment of the market.

5. Any person who shall resist the market manager in the discharge of his several duties shall be fined upon conviction thereof before the Municipal Court in the sum of $___.

6. The use of profane, abusive, or discourteous language on the market is prohibited and is punishable by expulsion from the market.

7. The market manager or his assistant shall have the authority to remove from the market any person gambling or under the influence of intoxicants or disorderly in his conduct.

8. In any case of any violation of the market rules and regulations, the market manager may revoke any privilege issued to any person under the terms of these rules and regulations and such revocation is for immediate effect. Any person who has been or who has had such privileges revoked shall be barred from the market until he shall be reinstated. Any person whose privilege has been revoked by the market manager may appeal therefrom to the board of directors. The appeal must be made in writing within 72 hours after the revocation.

9. It is expected that every dealer will be courteous and gentlemanly in his conduct.

10. In order to effectuate the intent, the code of ethics, and rules of the market, all tenants are held responsible for the actions of their employees.

11. The penalties as set forth for the violation of market rules and regulations on the property of the market shall apply equally to all persons doing business on the market.

12. No person shall make any public outcry, do hawking, or give any musical or other entertainment for the purpose of drawing customers or to attract attention.

13. No person shall distribute, scatter about, or post on the market any advertising pamphlets, cards, hand bills, or other printed matter without the consent of the market manager.

Sanitation

It is not an easy task to maintain sanitary conditions in a wholesale produce market, considering the fact that much of the produce passing through it is of a highly perishable nature and that there is a great volume handled by a large number of people in what is usually very much of a rush atmosphere. Add to this the difficulties that can be caused by adverse weather conditions and the problem becomes a sizable and frequently an expensive one. Therefore, it is necessary for the manager to exercise the strictest discipline regarding the way patrons of the market dispose of unsalable produce, broken crates, trimmings, and other waste and refuse. Even if this is done, the job of cleaning up after a busy session is one of no mean consequence. An illustration of some of the regulations that managers have instituted to help keep their market sanitary follows:

1. No person shall leave any trimmings or decayed produce upon the market grounds but shall place the same in containers provided for that purpose.

2. No person shall leave broken crates, boxes, barrels, paper, or other rubbish on the public market nor burn any rubbish or garbage on the market, except in places provided for the specific purpose.

3. The occupant of each stall or space on the market within one-half hour of closing time shall remove his produce and vehicle from the market and shall cause his stall or space to be thoroughly cleaned and all refuse or vegetable rubbish to be removed and disposed of in accordance with the directions of the market manager.

4. All produce sold or bought on the market shall be open to the inspection of authorized municipal or State health officials. No food products shall be offered for sale, displayed, or sold on the market which are unwholesome or unfit for food.

5. Any user of space on the market must keep his immediate premises reasonably clean, sanitary, and orderly. Persistent failure to carry out the market manager's orders in this respect shall constitute just and sufficient cause for the revocation of the owner's permit.

6. No person shall slaughter or draw an animal within the market place except in the section provided for such purposes.

7. Any person who uses a building on the market premises and who leaves thereon any refuse or garbage shall be subject to a fine.

8. All tenants having use of spur tracks must keep same free of all foreign matter, including ice from cars, snow, sticks, paper, and other forms of rubbish.

9. All tenants must promptly remove all ice and snow from platforms, display areas, and steps, and maintain in a sanitary manner these and all other floor areas.

Traffic and Parking

The large number of vehicles that move through a market during business hours makes it essential to have well-planned traffic regulations and to see to it that they are enforced. If this is not done, many of the advantages that should come from even the most modern and efficiently planned facilities will be lost. For no matter how wide the streets or how well the structures are arranged, if the traffic does not flow through the market properly, business will be slowed and transactions will not be carried on in an orderly manner. The following are some of the traffic regulations which have proved to be helpful in markets:

1. All vehicles must enter and leave the market area through entrances and exits so marked.

2. Every person operating a vehicle on the property of the market shall drive such vehicle in a careful and prudent manner and at a rate of speed so as not to endanger the property of another or the life or limb of any person.

3. Vehicles occupying stalls shall be placed squarely in the stall area and shall not extend beyond same into traffic lanes. The engines of all motor vehicles must be stopped after such vehicles have been placed in position.

4. All market tenants are required to use all possible care in the operation of all vehicles, and machine equipment, used in or on the market property. All such tenants and operators are advised that such operations are conducted at the risk of liability of the tenant.

5. A line shall be established along the center of the platform of the merchant's building and no merchandise shall be sold or displayed beyond this line. The area outside of the line shall be kept open and clear by the unit holders for the passage of buyers and hand trucks of merchandise for delivery to buyers' trucks.

6. The platform at the rear of merchants' buildings shall be kept free of obstruction in order not to interfere with the movement of handling equipment.

7. No merchandise offered for sale shall be permitted to stand in trucks in front of the store unit. Thirty minutes shall be the limit permitted for the unloading of any truck of merchandise during business hours.

8. No person shall park his vehicle on the public market grounds during market hours except while he is transacting legitimate market business.

9. The loading and unloading of trucks or other vehicles for the wholesale receivers, commission merchants, and jobbers shall be confined to the space immediately in front or rear of the stores leased by these persons or to space especially designated for that purpose by the manager.

10. The parking of automobiles of the wholesale receivers, commission merchants, and jobbers, and their employees, shall be confined to spaces designated by the manager. Such automobiles shall not be parked on the market pavement where they will obstruct traffic or take up space necessary for the orderly operation of the market business.

11. Drivers of vehicles must at all times comply with all traffic signs, either marked on the pavement, erected on standards, or placed on the buildings. They must also comply with the directions and orders of the market manager or his authorized representatives as to entering and departing from the market; as to stopping, starting, and standing therein; as to the direction or route taken in entering, leaving, or moving about on the market; and as to the parking, loading, or unloading of vehicles.

12. During market hours no person shall in any way obstruct the market driveways and traffic lanes.

13. Buyers, while buying, shall park their vehicles in designated and marked parking areas and shall not park in driveways between the selling aisles of the market.

14. No person shall pull or propel any handcart, express wagon, or other vehicle along the selling aisles of the market, nor allow such vehicles to remain on such aisles, except with the approval of the market manager.

15. Persons paying the daily market fee shall remain outside the selling area until spaces have been assigned to them.

Sales Transactions

Some rules governing buying and selling in the markets studied are:

1. Each person who desires to sell produce shall first register in the office of the market manager, giving such information as may be deemed necessary to determine his eligibility.

2. Each person who sells must do so only from a regular stall space to which he has been duly assigned.

3. Each person permitted to sell produce shall upon entering the market grounds and before contacting or being contacted by a buyer or buyers, place his vehicle and load in his assigned stall.

4. Any person may sell produce on the market.

5. No person shall sell produce which is unsound or unwholesome, or does not meet any standards of the State laws or of the United States or city.

6. The market manager may make or cause to be made any inspection or inspections which may be necessary and may prohibit the sale of any produce which does not conform with legal standards.

7. All produce offered for sale in the market shall be placed in such manner as the market manager may direct.

8. Only containers which are duly accepted in the trade and those which have been pronounced standard containers under authorization of Federal statutes or by the State or which have been approved by the board of directors of the market shall be used for produce offered for sale on the market, except that sold by weight or count.

9. All goods offered for sale by weight must be weighed in full view of the purchaser, if so requested.

10. All scales used on the market shall be tested and approved by the sealer of weights and measurers.

11. No buyer or seller on the market shall enter into any price agreement or join any organization for the purpose of raising, lowering, or fixing abnormal or artificial prices on products on the market, or for the purpose of keeping products off the market, and no person shall assist others in any way to accomplish this purpose.

12. Sharp and dishonest practices carried on at the market will be punished by revocation of permit to sell.

13. No marketer or vendor shall do any act or use any language intended thereby to insult another tenant or customer or to intimidate a shopper into purchasing his produce.

14. Persons who circulate false reports or stories tending to upset or destroy the operations of the market or that may cause upset or damage to other tenants in loss of prices shall be subject to expulsion from the market.

15. Buyers must check the load and count and have all complaints adjusted when sellers make deliveries.

16. All proved cases of deception, if discovered before the buyer leaves the grounds, shall be brought to the attention of the market manager or his representative who shall make equitable adjustment.

17. The market manager and other employees of the market shall not be interested either directly or indirectly in the buying or selling of any produce on the market, and shall not receive any tips or gratuities from any buyer or seller on the market.

18. All produce offered for sale in closed packages shall be stamped or tagged in a plain legible manner in letters not less than three-eights of an inch in size. On the outside or the top of the package, the name and address of the producer or shipper shall be shown.

19. Sellers on the market must not approach a buyer for the purpose of making a sale while said buyer is in conference with another seller.

20. Each seller shall be required to display an approved sign furnished by the market in such a manner as is prescribed by the manager.

21. All operations of merchants shall be limited to their places of business and to railroad cars; such persons shall not be permitted to sell in the growers' section of the market, but shall be permitted to make deliveries in the growers' section to buyers with vehicles parked there.

22. Merchants shall confine the piling and display of produce to the store premises and platform space leased by them.

23. The loading and unloading of trucks shall be confined to the space immediately in front or rear of the stores leased by the merchant or to space specifically designated for that purpose by the market manager.

24. Any person who should be guilty of any fraudulent practices while on the market either by way of passing worthless checks or by making false representations as to the quality or quantities of merchandise or in any other particular shall be suspended permanently from the market.

25. No person shall purchase or sell or attempt to purchase or sell any fruits, vegetables, or other products in any street or alley adjacent to the market, except commission men who have an established place of business along such streets.

26. Any person who is indebted to the market may be prohibited from entering the market until such indebtedness is paid.

27. No person shall sell or offer for sale any open or closed packages, any produce which is packed in such a manner that the face or surface shown shall not be a reasonable representation of the contents of the package. Sample or samples shown shall be representative of the rest of the load.

28. Sales shall be made only at the stalls or places designated by the market manager.

29. Forestalling is prohibited. No buyer shall enter the area reserved for the parking of sellers' trucks nor shall any buyer contact any seller prior to the seller's entering the stall in the market, nor shall any buyer enter the stall, display, or selling area before the opening signal has been sounded.

30. The auction will demand cash for sales to all buyers. All purchases must be paid for at the market office before the produce is removed from the property. (Auction market.)

31. Any persons offering their produce for sale on the market may refuse the bid made if it is not satisfactory and no fee is to be charged if no sale is made. (Auction market.)

32. Large loads of one commodity may be offered for sale, in whole or part, at the discretion of the auctioneer. (Auction market.)

Business Hours

The management of some markets, particularly those with assembly functions, feels that it is advantageous to operate on a 24-hour basis, but generally speaking, this is not the case. Limited selling hours tend to produce a *fast market* as it is sometime called, and have many desirable features. If a market can cut down its hours of trading, buyers and sellers can save time that can be used to advantage elsewhere. Buyers can make purchases, load their trucks and be on their way in a short time instead of having to spend a large part of the day on the market. Growers like *shorter* marketing hours because such hours give them more time to spend on their farms.

Workers on the market also are concerned with shorter periods of trading. As a matter of fact, organized labor's efforts to reduce the length of the working week has been a major factor in shortening marketing hours.

The limiting of trading hours tends to cut down the operating costs of wholesalers on the market, because a large part of their costs is made up of wages for labor. Therefore, if time required for operating the market is reduced the cost spread between the producer and consumer is reduced.

Limited hours of trading on a market enable both the buyer and the seller to have a better knowledge of supply and demand. Thus, the length of time for selling becomes an important factor in determining and stabilizing prices. Also, a time limit helps to eliminate stalling and efforts to depress prices unduly.

One of the problems that the management has is to arrive at a proper time for opening and closing. Hours of operation which are best suited to the needs of both sellers and buyers should be chosen..

It is important that the market advise its patrons well in advance what the hours of operation are to be and of any changes in existing hours. The Northern Ohio Food Terminal, Cleveland, Ohio, does this through its weekly bulletin and one of these bulletins which tells of the change of trading hours from summer to winter is a good illustration of how this might be handled.

The Northern Ohio Food Terminal, Cleveland, Ohio

New Winter and Holiday Terminal Working Hours

Note: - Observe - Notify Buyers and your Bookkeeper

1st On next Monday, Nov. 16th, winter hours become effective

Men start at 5:30 on Monday
'' '' '' 5:30 on Sat.
'' '' '' 6:00 on Tues., Wed., Thurs., Fri.

2nd Thanksgiving Week, Nov. 23 to 28
Starting time 5:30 all week, Mon., Tues., Wed., Fri., Sat.
Thursday, Thanksgiving - Closed

3rd Xmas and New Year's
The 2 holiday weeka as follows:

Sunday, Dec. 20 - Closed
Monday, Dec. 21 through Thursday, Dec 24 - Start at 5 a.m.
Friday, Dec. 25 - Christmas - Closed
Saturday, Dec. 26 - Day after Xmas - Closed
Sunday, Dec. 27 - Closed
Monday, Dec. 28 through Thursday, Dec. 31 - Start at 5 a.m.
Friday, Jan. 1 - New Year's - Closed
Saturday, Jan. 2 - Day after New Year's - Closed
Sunday, Jan. 3 - Closed
Monday, Jan. 4 - Resume regular winter hours

Exception: Deliveries to chains may be made as usual on Dec. 20 and Dec. 27.
Bananas may be unloaded on Sundays, Dec. 20 and Dec. 27.

There will be no work by *Local 400* members on the holiday days or Saturdays following.
Note to Bookkeepers: Here is how time is to be computed.

Like any regular week	42 hrs.
Men paid time for holiday	7 hrs.
Remaining workable week	35 hrs.
The Saturday, no hours computed or paid	
Monday (No restriction as to number of hours per day)	
Tuesday (without overtime. Overtime computed only on)	
Wednesday (hours worked the 4 days in excess of 35 hours.)	35 hrs.
Thursday ( )	

New Year's Week repeat same procedure -- same computations.

Rules governing business hours of some markets are:

1. The market sessions shall be on such days and at such hours as are deemed necessary to meet the needs of the users of the market as designated by the manager.

2. No person shall buy or sell on the market except on designated market days and during designated market hours.

3. Sellers entering and taking stalls prior to the opening time must remain within the display and selling area until the opening signal is sounded.

4. Any firm, person, or persons who engage in the act of selling or buying on the market before or after selling hours will be considered as a violator of the rules and regulations of the market and will be subject to penalty as follows:

A. First offense - Warning
B. Second offense - Prohibit violator from transacting any business on market premises for the first five (5) hours of any designated business day.
C. Third offense - Cancel merchant lease of unit holder, unit sublessee or stall renter, whether on a daily or monthly basis. In case of a nonlessee or nonrenter, prohibit use of market premises to transact business.

5. Anyone will be allowed to unload cars or trucks into units ___ hours per day if desired.

6. Any unit holder will be permitted to prepare and ready merchandise for sale before selling hours open, provided no sales are made before selling hours commence.

7. Trucks in the process of loading at the close of selling hours will be permitted to continue until the load is completed.

8. Any deliveries of merchandise may be made after selling hours provided seller furnishes proof that the sale was consummated before the selling period ended and that seller has reported the sale to the market manager prior to the closing hour.

9. Any seller who repeatedly delivers merchandise after selling hours even though the sales were made prior to closing hour will be subject to action by the board of directors.

Federal Market Regulations

Several Federal laws have been enacted which are important in their influence upon practices in wholesale produce markets. These laws are designed to prevent unfair and fraudulent marketing practices, establish standards and grades for produce, fix the standards for certain containers, and to provide inspectors to investigate and certify to shippers and others the grade, quality, and condition of agricultural products offered in interstate shipments. The grading and inspection service is not mandatory but is widely used. The following is a summary of the more important features of the several laws which apply.

The Produce Agency Act, enacted in June 1927, covers three important points. It makes it a misdemeanor for anyone receiving perishable farm products in interstate commerce for or on behalf of another: (1) To dump, abandon, or destroy the products so received without good and sufficient reason; (2) to fail knowingly and with intent to defraud, to account truly and correctly; and (3) to make any false statement knowingly and with intent to

defraud, concerning the handling, condition, quality, quantity, sale, or disposition of the items.

The Perishable Agricultural Commodities Act, originally approved by Congress and signed by the President on June 10,1930, requires that no person shall at any time in interstate or foreign commerce, carry on a business of a commission merchant, dealer, or broker in fresh or frozen fruits and vegetables without a license issued by the Secretary of Agriculture. This includes truckers who buy in lots of 1 ton or more for resale in wholesale or jobbing quantities and large retailers who buy in a calendar year more than 20 lots including purchases aggregating in a day, 1 ton or more, of produce that has been received by the seller in interstate or foreign commerce. Processors of food are considered as dealers in certain instances.

The annual fee for the license is $15, which is valid as long as the annual fee is paid or the license is not revoked or suspended because of violation or there is no change in name of ownership under which the business is conducted. The penalty for operating without a license is fixed at not more than $500 for each such offense and $25 per day for each day the offense continues.

The Perishable Agricultural Commodities Act prohibits the following practices: (1) Failure to account promptly and correctly and to pay in full for produce received on consignment; (2) failure to pay promptly the agreed purchase price of the produce that complies with contract terms; (3) rejections without reasonable cause of produce purchased or produce contracted to be handled on consignment; (4) making of any false or misleading statement for a fraudulent purpose, in connection with any transaction; (5) failure to keep an adequate and correct set of records of the receipts and sale of produce; (6) failure of a seller, without reasonable cause, to deliver produce sold or contracted to be sold or consigned; (7) failure to pay earned brokerage or commission fees, and deficits sustained by commission merchants on produce handled on consignment; (8) failure without reasonable cause to perform any duty, expressed or implied, arising out of any transaction; (9) misrepresentation (misbranding) by stamp, stencil, or label, the kind, grade, quality or quantity of the commodity; (10) removal or changing in any way of any card or tag placed on any container or railroad car under State or Federal authority, containing a statement as to grade, quality, or State of origin of the commodity contained therein; and (11) changing or permitting the changing, without the consent of the inspector, of the contents of a load or lot of produce after it has been officially inspected.

Violations of the provisions of this act lead to publication of the facts and to suspension or revocation of the license of the offender. Any person making a complaint of any violation under the act may, at any time within 9 months after the cause of action accrues, file a complaint with the Secretary of Agriculture, who, after due procedure, may determine the amount of damage to which such person is entitled as a result of the violation and shall order the offender to pay the complainant the amount of damage before a date fixed in the order. If this amount is not paid or an appeal to the U. S. District Court has not been taken, the license of the offender is automatically suspended until payment is made. The complainant has the right of action in the courts, in which the Secretary's order is prima facie evidence of the facts stated therein.

Standard Containers Acts. Standard sizes of containers for fruits and vegetables are established by the following acts of Congress: (1) The act of 1916 which establishes standards for climax baskets, berry baskets, and other containers such as till baskets; (2) the act of 1928 which applies specifically to standards for hampers, round stave baskets, and splint or market baskets; and (3) the Standard Barrel Act passed in 1915 which established the standard fruit and vegetable barrel and the standard cranberry barrel. The provisions of the Standard Barrel Act are carried out under the direction of the Bureau of Standards.

Federal Perishable Food Inspection Service. By virtue of authority vested in the Secretary of Agriculture by a provision in an act of Congress passed in 1917 entitled, *An Act Making Appropriations for the Department of Agriculture,* and by the *Agricultural Marketing Act of 1946,* and other authority, the Department is authorized to determine and establish standards and grades for agricultural products and to provide inspectors to investigate and certify to shippers and other interested parties, the grade, quality, and condition of such products when shipped or received in interstate commerce. The grading and inspection service is not mandatory but is widely used by all factors in the produce industry.

State Market Regulations

Many States have laws regulating the handling of produce which are in most cases similar to the Federal laws. As a rule the use of State standards and grades, as well as the State inspection service, is not mandatory. State standards and grades are usually identical with those established by the Federal Government. Some States require that certain commodities be graded according to the official standards and that each package be marked plainly with a description of the contents, including grade and quality. Many States have standard container laws. Differences in State trucking laws sometimes obstruct the free movement of produce.

To protect producers and others dealing in agricultural products some States have laws that require dealers to have a license and be bonded. Some of the provisions of State bond and license laws are:

1. It shall be unlawful for any dealer in agricultural commodities who comes within the terms of the law to carry on a produce business in the State without a license issued by the Commissioner of Agriculture.

2. Every dealer in perishable agricultural commodities desiring to transact business within the State shall, file annually on or before a specified date, an application for a license with the commissioner. (See fig. 25.) The application is to be made on a form furnished by the commissioner and usually includes the information as follows:

a. The full name or title of the applicant; if the applicant is an association or co-partnership, the name of each member of the association or co-partnership; or if the applicant is an incorporated business, the name of each officer of the corporation.
b. The names of the local agent or agents of the applicant, if any.
c. The cities and towns where the business of the applicant will be located together with the streets or mailing address of each.

Audit 3
Amount Paid

APPLICATION FOR LICENSE AS DEALER IN AGRICULTURAL PRODUCTS IN FLORIDA

....., 195..

HONORABLE NATHAN MAYO
Commissioner of Agriculture
P. O. Box 1230
Tallahassee, Florida

Dear Sir:

Application is hereby made for a license as a Dealer in Agricultural Products, as required by Sections 604.15-604.30 Florida Statutes. **We enclose remittance of $10.00 covering cost of this license.**

1. Business name of applicant

2. Location: Mailing Address

3. If applicant is an Association or Co-partnership, give name and address of each member; if applicant is a Corporation, give name and address of each officer; if applicant is sole owner, state that fact.

NAME	TITLE	ADDRESS

4. Are there now any claims against you by Florida Producers, for Agricultural Products bought or handled by you? (Answer "Yes" or "No")

5. If your answer is "Yes," give the name and address of each Claimant, the amount claimed, and details concerning the transaction:

NAME	ADDRESS	AMOUNT	REMARKS

6. Is there any unsatisfied money-judgment against you? (Answer "Yes" or "No") . If so, give details:

7. Give name, or names, of your Agents or Buyers authorized to represent you in Florida, if any:

(Name) (Address)

(Name) (Address)

(Name) (Address)

(Name)

8. State kind, or kinds, of agricultural products to be handled:

9. State the dollar value of business done or estimated to be done with Florida producers, their agents or representatives, during the month in which the maximum volume of agricultural products is bought or handled by you as a dealer in agricultural products in any manner as defined in Section 604.15, Florida Statutes $_____

10. Give name of town, street, and mailing address of each place of business in Florida. **A License fee of $10.00 is required for each place of business you desire to conduct in Florida.**

TOWN	STREET	MAILING ADDRESS

11. The undersigned is aware that this license cannot be issued until surety bond is furnished, consequently application for $ surety bond is being made by the undersigned to the insurance agency whose name and address is:

(Name) (Address)

(Signature of Applicant or Individual Authorized to Sign for Applicant)

Section 192.57, Florida Statutes, provides that whosoever makes or subscribes an application for license knowing or having reason to know that same is false as to any material matter therein, shall be guilty of a misdemeanor, and upon conviction shall be punished as provided by law.

Figure 25.--Application for dealer's license in State of Florida under the State Bond and License Act.

d. The estimated amount of business to be done monthly; the amount of business; if any, done during the preceding year.

3. The commissioner may decline to grant the license or may suspend or revoke a license already granted if he is satisfied that the applicant or licensee has:

a. Suffered a money judgment to be entered against him upon which execution has been returned unsatisfied.
b. Made false charges for handling or services rendered.
c. Failed to account promptly or properly or to make settlements with any producer.
d. Made any false statement as to condition, quality, or quantity of goods received or held for sale when he could have ascertained the true condition, quality, or quantity by reasonable inspection.
e. Made any false or misleading statement or statements as to market conditions or services rendered.
f. Been found guilty of a fraud in an attempt to procure a license.
g. Directly or indirectly sold agricultural products, received on consignment, or on a net return basis for his own account without prior authority from the producer.

4. Unless the commissioner refuses the application on one or more of the grounds cited above, he will issue to the applicant, upon the payment of proper fees and the execution and delivery of a bond, a State license entitling the applicant to conduct business as a dealer in perishable agricultural commodities.

Before any license is issued, the applicant is required to make and deliver to the commissioner a surety bond of a specified amount but not exceeding the maximum amount of business done or estimated to be done in any month by the applicant, executed by a surety corporation authorized to transact business in the State. The bond is upon a form approved by the commissioner which is written in a waiver to secure the payment to producers of the proceeds of all perishable agricultural commodities handled or sold by the dealer (fig. 26). However, in lieu of a State bond, the commissioner may accept a cash bond which is subject to the same claims and actions as would exist against surety bonds.

The license or a certified copy of it must be posted in a conspicuous place in the offices of the licensee at each place within the State where he transacts business. All licenses shall expire at a designated date each year.

Whenever the produce dealer sells or discontinues the business during the lifetime of his license, he must notify the commissioner in writing and furnish him with a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Any person claiming to be damaged by any breach or condition of the bond given by a licensee may enter a written complaint to the commissioner stating the facts fully. The commissioner must investigate the charges and hold a hearing, giving notice of the filing of the complaint and the time and place of the hearing. At the conclusion of the hearing, the commissioner must report his findings and render his conclusions to the complainant and respondent. In each case they will have 15 days in which to make effective the commissioner's conclusions. If settlement is not made within the designated time, the commissioner or the producer may sue to enforce the claim. If the producer is not satisfied

Audit 16 (Revised 8-25-53)

BOND

AS DEALER IN AGRICULTURAL PRODUCTS IN FLORIDA

BOND NO._____

STATE OF _____

COUNTY OF _____

KNOW ALL MEN BY THESE PRESENTS: That we _____ of _____, as principal and _____ of _____, as Surety, are held and firmly bound unto NATHAN MAYO, AS COMMISSIONER OF AGRICULTURE OF THE STATE OF FLORIDA, and his successors in office, for the use and benefit of every person establishing legal rights hereunder, in the full and just sum of _____ Dollars, ($), to the payment of which well and truly to be made, we bereby bind ourselves, our heirs, administrators, executors, successors and assigns, firmly by these presents.

Whereas by Sections 604.15-604.30, Florida Statutes, dealers in agricultural products are required to obtain a license from the Commissioner of Agriculture of the State of Florida and to give bond in such form and amount as shall be approved by the Commissioner, conditioned upon a full compliance with the provisions of the said statutes as amended.

NOW, THEREFORE, the condition of this obligation is such that if the above-named principal shall faithfully and truly account for and make payment to producers, their agents or representatives, for all agricultural products bought from or handled or sold for sucb producers, their agents or representatives, as required by Sections 604.15-604.30, Florida Statutes, then this obligation to be void, otherwise to remain in full force and effect.

The aggregate accumulated liability under this bond shall in no event exceed the penal sum named berein, for any and all claims which may accrue during the term bereof.

The inception date of this bond is _____

This bond expires with June 30th, _____, coincidentally with end of license year for which it is written.

The surety may withdraw from this bond by giving 30 days written notice by registered mail to the Commissioner of Agriculture, provided such withdrawal shall not release said surety from any liability existing hereunder at the time of the effective date of said withdrawal.

Signed, sealed and dated this _____ day of _____, 19____

_____ (Seal)
Principal

In the presence of:

By: _____

_____

_____ (Seal)
Surety

By: _____

Countersigned by
Florida Agent: _____

Signature: _____

Address: _____, Florida

(Please attach copy of Power-of-Attorney for the person executing this bond for the surety.)
(This bond must be countersigned by a Florida agent of the surety, as provided for in Sec. 631.15 Fla. Statutes.)
(When completed, this bond should be mailed to Commissioner of Agriculture, P. O. Box 1230, Tallahassee, Florida.)

Figure 26.--An example of bond issued to produce dealers in State of Florida under the State Bond and License Act.

with the ruling of the commissioner, he may, upon obtaining approval of the commissioner, initiate action against the bondsman. No action can be made against a bondsman without the written approval of the commissioner. Upon commencing the action, a copy of the complaint shall be filed in the office of the commissioner. The record of the hearing before the commissioner shall be accepted as competent evidence in any court of jurisdiction. If the dealer becomes liable to more than one person by breaches of the conditions of the bond and the amount of the bond is insufficient to pay the entire liability to all persons involved, the penalty of the bond as against a surety fee shall be apportioned among the several claimants.

Every dealer must make and preserve for at least 1 year a record specifying the name and address of the producer, the date of receipt, the kind and quality of the produce, the amount of goods sold, and the name and address of the purchaser.

The commissioner is to investigate upon complaint of any interested person or upon his own initiative: (1) The record of any applicant or licensee; (2) any transaction involving the solicitation, receipt, sale or attempted sale of agricultural products; (3) the failure to make proper and true accounts and settlements at prompt and regular intervals; (4) the making of false statements as to condition, quality, or quantity of goods received or while in storage; (5) the making of false statements as to market conditions with intent to deceive, or the failure to make payment for goods received; or (6) other alleged injurious transactions. The commissioner or his agents may examine, at the place or places of business of the applicant or licensee, his ledgers, books or accounts, memoranda, and other documents which relate to the transaction involved, and may take testimony in this regard under oath.

Whenever the produce is shipped to or received by a licensed dealer for handling, purchase, or sale, and he finds it to be in a spoiled, damaged, unmarketable or unsatisfactory condition, unless both parties shall waive inspection before sale or other disposition, he shall arrange to have the shipment examined by an inspector assigned for that purpose. The inspector shall execute and deliver a certificate to the applicant, stating the day and the time and place of his inspection and the condition of such produce; and mail or deliver a copy of such certificate to the shipper.

Before the commissioner can refuse a license or revoke any license he must give 10 days' notice, by registered mail, to the applicant or licensee of a time and place of hearing. The applicant or licensee may appear at the hearing in person or by or with counsel and may produce witnesses. If the commissioner finds the applicant or licensee guilty of violating any of the provisions of this law, he may refuse, suspend, or revoke the license.

Generally, all monies collected from the sale of licenses are deposited in the State treasury in a separate fund known as the *Wholesale Dealers' Enforcement Fund* and are used for the purpose of supervising and regulating the provisions of this act.

Municipal Market Regulations

A number of cities have general regulations that apply to wholesale produce markets. These regulations usually include provisions dealing with hours of selling, products that

may be sold, types of persons or firms that may operate a business, sanitation, traffic regulations, weights and measures, fees to be charged, and permits required. (See Appendix C.)

Credit Associations

Credit associations have been set up successfully in a number of the large terminal markets. Such an association is organized by a group of produce wholesalers as a nonprofit corporation. The association employs a staff which gathers information as to the financial responsibility of buyers who patronize the market and supplies this information to the members of the association.

A staff for a large market might consist of three people: A man in charge whose job is to make investigations, keep informed of the legal news, and handle the exchange of information with other markets; a secretary to take care of the office, keep books and a card index record; and another person who does the mimeographing and distributes the information to member firms. In some instances 3 or 4 markets find it advantageous to carry on an exchange of information. The reason for this is that a buyer from one of the markets might also buy on the other markets. A buyer who is not a good credit risk may become delinquent in his payments on one market and then move to another market and start buying there.

The effectiveness of the credit association depends on the interest and efficiency of its personnel and the cooperation and understanding of its members. The members must make information available to the association and not hold back sales tickets or enter into secret arrangements with buyers expecting to get an advantage for themselves.

The effectiveness of these associations is demonstrated by the fact that in one city the annual credit losses have never exceeded 1/4 of 1 percent on the gross yearly business. During the year 1952 it was estimated that the loss through extending credit was only $25,000 on a $50,000,000 volume of business done by the members. One firm reported that bad accounts amounted to approximately 1/10 of 1 percent on a $3,000,000 business.

APPENDIX A

Bylaws of a Market Corporation

ARTICLE I
Meetings of Stockholders

Section 1. Place of Meetings

All stockholders' meetings, both annual and special, shall be held at the principal office or place of business of this corporation, No. _____, _____ Street, in the city of _____, County of _____, State of _____.

Section 2. Annual Meeting

The annual meeting of the stockholders shall be held on the _____ day of _____ of each year, beginning with the year 19__, for the purpose of electing directors, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board of directors to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the corporation.

Section 3. Special Meetings

Special meetings of the stockholders may be called by resolution of the board of directors, or upon a written request filed by a majority of the directors, by the president, or by 10 percentum or more of all the stockholders, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided.

Section 4. Notice of Meetings

Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered to each stockholder not less than ____ days nor more than ____ days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the records of the corporation, with postage thereon prepaid. The failure of any stockholder to receive notice of an annual or special meeting of the stockholders shall not invalidate any action which may be taken by the stockholders at any such meeting.

Section 5. Quorum

A majority of the common stock issued and outstanding, represented at the meeting either in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders.

Section 6. Voting

Each stockholder shall be entitled to one vote for each share of common stock standing in his own name on the books of the corporation. At all stockholders' meetings at which there is a quorum, all questions shall be decided by a vote of a majority of the stock present or represented, except as otherwise provided by law, the articles of incorporation or these bylaws.

Section 7. Proxies

A stockholder may vote his common stock by proxy executed by him in writing. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after ____ days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. The presence of a stockholder at a meeting shall revoke a proxy theretofore executed by him and such stockholder shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

Section 8. Adjournment of Meetings

If less than a quorum is present at any meeting of the stockholders, a majority of the common stock represented at the meeting in person or by proxy may be voted to adjourn the meeting to such future time as shall be agreed upon, and notice of such adjournment shall be mailed, postage prepaid, to each stockholder at least ____ days before such adjourned meeting. If a quorum is present at any meeting of the stockholders, the meeting may be adjourned from day to day by vote of the stockholders as provided in section 6 above, and no notice of such adjournment need be given.

Section 9. Order of Business

The order of business at the annual meeting of the stockholders and, so far as possible at all other meetings of the stockholders, shall be essentially as follows:

(1). Report as to which stockholders are present in person and represented by proxy in order to determine the existence of a quorum.
(2). Reading of the notice of the meeting and the proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
(3). Reading of unapproved minutes of previous meetings of the stockholders and the taking of necessary action thereon.
(4). Presentation and consideration of reports of Officers, Directors, and Committees.
(5). Election of Directors.
(6). Unfinished business.
(7). New business.
(8). Adjournment.

ARTICLE II
Directors

Section 1. General Powers

The business and affairs of the corporation shall be managed by a board of _____ directors which shall exercise all of the powers of the corporation except those which are conferred upon or reserved to the stockholders by law, the articles of incorporation, or these bylaws.

Section 2. Election and Tenure of Office

The persons named as directors in the articles of incorporation shall compose the board of directors until the first annual meeting or until their successors shall have been elected and shall have qualified. All directors shall be elected by secret ballot at each annual meeting of the stockholders beginning with the year 19__ by and from the stockholders to serve until the next annual meeting of the stockholders or until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the day designated hereinabove for the annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the stockholders as soon thereafter as possible. Directors may be elected by a plurality vote of the stockholders.

Section 3. Vacancies

A vacancy occurring in the board of directors by reason of death, resignation, or other causes shall be filled by the affirmative vote of a majority of the remaining directors choosing from among the stockholders a director to fill the unexpired portion of the term.

Section 4. Compensation

Directors shall receive no salary for their services as directors, except that each director shall receive _____ dollars for attendance at any meeting of the board.

ARTICLE III
Meetings of Directors

Section 1. Regular Meetings

A regular meeting of the board of directors shall be held without notice, immediately after, and at the same place as, the annual meeting of the stockholders. A regular meeting of the board of directors shall also be held on the ____ of each month, at the principal office of the corporation, or at such other time and place as the board of directors shall designate by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings

Special meetings of the board of directors may be called by the president or by any two directors, and it shall thereupon be the duty of the secretary to cause notice of

such meeting to be given as hereinafter provided. The president or the directors calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Notice of Directors' Meetings

Written notice of the time, place, and purpose of any special meeting of the board of directors shall be delivered to each director not less than ____ days previous thereto either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the corporation, with postage prepaid thereon.

Section 4. Quorum

A majority of the board of directors shall constitute a quorum for the transaction of business, provided, that if less than such majority of the directors is present, the meeting may be adjourned from time to time; and provided further, that the secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

ARTICLE IV
Officers

Section 1. Number

The officers of the corporation shall be a president, vice president, secretary, treasurer, and such other officers as may be determined by the board of directors from time to time. No person shall hold more than one of such offices.

Section 2. Election and Term of Office

The officers shall be elected by ballot annually by and from the board of directors at the meeting of the board of directors held immediately after the annual meeting of the stockholders. If the election of the officers shall not be held at such meeting, the election shall be held as soon thereafter as possible. Except as provided in Section 3 of this Article, each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the stockholders or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board of directors for the unexpired portion of the term. The election of officers shall not constitute the creation of vacancies of the board of directors.

Section 3. Removal of Officers, Agents and Employees by Directors

Any officer, agent or employee elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby.

Section 4. President

The president shall be the principal executive officer of the corporation and shall have general charge and control over the affairs of the corporation subject to the board of directors. He shall preside at all meetings of the stockholders and the board of directors. He shall sign, with the secretary, all certificates of stock, the issue of which shall have been properly authorized, and he may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed. In addition, he shall perform all duties as may be prescribed by the board of directors from time to time.

Section 5. Vice President

In the absence of the president or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also perform such other duties as from time to time may be assigned to him by the board of directors.

Section 6. Secretary

The secretary shall keep the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose, and shall see that all notices for meetings are duly given in accordance with these bylaws or as required by law. He shall be custodian of the corporate records and of the seal of the corporation and shall affix the seal of the corporation to all certificates of stock prior to the issue thereof and to all documents the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws. The secretary shall keep a register of the names and post office addresses of all stockholders, keep on file at all times a complete copy of the articles of incorporation and bylaws of the corporation containing all amendments thereto (which copy shall always be open to inspection by any stockholder) and, have general charge of the books of accounts and stock records of the corporation. In addition, he shall sign, with the president, certificates of stock the issue of which shall have been properly authorized, and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Treasurer

The treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation and for the disbursement thereof in accordance with the authorization of the board of directors. He shall be responsible for the receipt of, and the issuance of receipts for, all monies due and payable to the corporation and for the deposit of all such monies in the name of the corporation in such depository or depositories as shall be selected by the board of directors. In addition, he shall perform all the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to him by the board of directors.

Section 8. Manager and Other Employees

The board of directors shall employ a manager who shall be in charge of the wholesale market and the general business of the corporation, collect all fees in connection with the market operations of the corporation and make proper returns to the board of directors. He shall work at all times in cooperation and harmony with the officers and board of directors and make every effort to create an outlet for all farm products handled by the corporation. He shall have authority at any time, for good cause, to suspend or discharge any employee of the corporation and to fill the vacancy by appointment, pending the next meeting of the board of directors when a report of his action shall be given. The manager shall perform such other duties and shall exercise such other authority as the board of directors may from time to time vest in him. The board of directors shall also employ such other employees as may be deemed desirable, who shall perform such duties and shall exercise such authority as the board of directors shall determine.

Section 9. Bonds of Officers

The treasurer and any other officer or agent of the corporation charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the board of directors shall determine. The board of directors, in its discretion, may also require any other officer, agent or employee of the corporation to give bond in such amount and with such surety as it shall determine.

Section 10. Compensation

The compensation of officers, agents and employees shall be fixed by the board of directors.

Section 11. Reports

The officers of the corporation shall submit, at each annual meeting of the stockholders, reports covering the business of the corporation for the previous fiscal year. Such reports shall set forth the condition of the corporation at the close of such fiscal year.

ARTICLE V
Stock

Section 1. Certificates of Stock

Certificates of stock shall be in the form adopted by the board of directors and shall be signed by the president or vice president and the treasurer and shall be attested by the corporate seal. All certificates shall be consecutively numbered in the stock certificate book and the name of the person owning each share represented thereby, together with the number of such share and the date of issue, shall be entered on the stubs of the book from which the certificates are taken. All certificates of stock transferred by endorsement thereon shall be surrendered for cancellation and new certificates shall be issued to the purchaser or assignee.

Section 2. Sale of Stock

The authorized common stock shall be sold only to persons or companies who are engaged in the wholesale distribution of agricultural products. The authorized preferred stock may be sold to persons and companies who are not engaged in the wholesale distribution of agricultural products as well as to produce wholesalers. The sale of the stock of the corporation both common and preferred shall be closed and no new stock shall be issued unless authorized by a vote of the board of directors and ratified by a vote of the stockholders at any annual or special meeting.

Section 3. Transfer of Stock

Shares of stock shall be transferred only on the books of the corporation by the holder thereof in person or by his attorney. No stockholder of the corporation shall have the right to sell or transfer any of his stock until this stock has been offered to the board of directors for purchase by them or by any other holder of stock in the corporation at the then market price thereof according to and in compliance with the laws under which the corporate charter is granted, and any such stock which may be purchased by the board of directors shall be held by the corporation as treasury stock until the same may be sold. No stockholder shall have the right to sell or transfer any of the common stock of the corporation to any person or company who is not engaged in the wholesale distribution of agricultural products. Preferred stock may be sold or transferred to persons and companies who are not produce wholesalers, as well as to produce wholesalers.

Section 4. Dividends

The board of directors shall declare and pay dividends out of the surplus profits of the corporation whenever they deem it expedient. Before payment of any dividends the board of directors shall set aside out of the net profits of the corporation such sum or sums as the directors deem proper as a reserve fund to pay or provide for expenses of operation and maintenance of its facilities during the forthcoming fiscal year, to provide a reasonable reserve for working capital, to provide for the payment of interest due in such fiscal year, to provide for the payment of all debts and liabilities due in such fiscal year and to provide for the financing of the repair, maintenance, construction or acquisition by the corporation of any property or facilities, or for any such other purpose as the directors shall determine.

ARTICLE VI
Acquisition and Sale of Property

Section 1. Acquisition

The board of directors shall have power to acquire by purchase, lease or other lawful means such land or interest in land, or other property, real or personal, as may be necessary in its opinion to the operation of the market, and shall have the power to plan, build, construct, or operate, or cause to be built, constructed, or operated, such buildings, structures, equipment, and appurtenances thereto as it may deem necessary for the operation of the market, including, without limiting the generality of the foregoing, restaurants, filling stations, garages, warehouses, and provisions for sanitation and similar accessories for market operation.

Section 2. Disposition

The board of directors may sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property only if such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the stockholders by the affirmative vote of not less than a majority of all the common stock of the corporation, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting. The board of directors shall have the power to sell, mortgage, lease or otherwise dispose of or encumber less than a substantial portion of the corporate real property by proper resolution at a meeting of the board of directors called for that purpose.

ARTICLE VII
Financial Transactions

Section 1. Contracts

The board of directors shall have the power, except as otherwise provided in these bylaws, the articles of incorporation, and the laws under which the corporation is organized, to make contracts of any nature and to execute all instruments necessary or convenient for the carrying on of its business. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtednesses issued in the name of the corporation shall be signed by such officer or officers, agent or agents, employee or employees of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 3. Deposits

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such bank or banks as the board of directors may select.

Section 4. Charges

The board of directors shall fix, alter, charge and collect rentals and charges for stores, stalls, space, buildings, equipment and other appurtenances, privileges, and services furnished and performed, in or in connection with the market, for the purpose of providing for the payment of the expenses of the corporation, the construction, improvement, repair, maintenance and operation of its properties, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any agreement made with the purchasers or holders of any such obligations.

Section 5. Fiscal Year

The fiscal year of the corporation shall begin on the ____ day of _____ of each year and shall end on the ____ day of _____ of the next year.

ARTICLE VIII
Miscellaneous

Section 1. Rules and Regulations

The board of directors shall adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the corporation, including, but without limitation, rules and regulations relating to the use of the market, the hours of business, sanitation, traffic, and such other matters as are normally incidental to the proper management of a market. The board of directors shall have the power, reasonably exercised, and after due notice and opportunity to be heard, to suspend or revoke any or all rights or privileges of any person violating its rules and regulations.

Section 2. Delegation of Authority

The board of directors shall have power to delegate to the market manager and officers of the corporation such duties and responsibilities in relation to the operation of the market, and in general, to do such other acts and things as may be reasonably necessary or convenient to carry out the powers of the corporation and for the operation of a wholesale market for farm and food products.

Section 3. Waiver of Notice

Any stockholder or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a stockholder or director at any meeting shall constitute a waiver of such meeting by such stockholder or director, except when a stockholder or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 4. Accounting System and Reports

The board of directors shall cause to be established and maintained a complete accounting system which shall conform to applicable laws. The books of the corporation shall be examined by a committee of the board of directors which shall render reports to the board of directors at least four times a year at regular meetings of the board of directors. The board of directors shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the corporation as of the end of such fiscal year. Such audit reports shall be transmitted to the stockholders at the next following annual meeting.

ARTICLE IX
Seal

The corporate seal of the corporation shall be in the form of a circle and shall have inscribed thereon the name of the corporation and _____.

ARTICLE X
Amendments

These bylaws may be altered, amended, or repealed by the stockholders at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

APPENDIX B

Some Provisions of a Market Authority Act 5/

The act should state its purpose, define the terms used, designate the manner of establishing an authority, the method of selecting the board of directors, the qualifications of members of the board, their terms and compensation.

The board of directors of any authority established must have its power and function clearly defined. It must know just what it can do and what its limitations are if it is to operate effectively. Some of the powers which experience has taught would be advisable to give to the authority are:

1. To acquire by purchase, lease, condemnation, or otherwise such land or any interest in land, or other property, real or personal, as may be necessary in its opinion to the operation of the market, and to mortgage, sell, lease, rent, exchange, or otherwise dispose of any such property as it may deem advisable; provided, however, that no real estate shall be sold unless the sale is approved by the Governor and trustee of the bondholders, and provided further that no such real estate shall be used as a market, unless such property is acquired by a governmental agency.

2. To plan, build, construct, or operate, or cause to be built, constructed, or operated, such buildings, structures, equipment, and appurtenances thereto as it may deem necessary for the operation of the market, including without limiting the generality of the foregoing, restaurants, filling stations, garages, warehouses, and provisions for sanitation and similar accessories for market operation.

3. To borrow money, make and issue negotiable notes, bonds, refunding bonds, and other evidences of indebtedness or obligations (herein called bonds) of the authority, said bonds to have a maturity date not longer than 30 years from the date of issue, and to obtain the payment of such bonds or any part thereof by pledge or mortgage of all or any of its revenues, receipts or other assets, real or personal, and to make such agreements with the purchasers or holders of such bonds, or with others in connection with any such bonds (whether issued or to be issued), as the authority shall deem advisable, and in general to provide for the security for said bonds and the rights of the holders thereof; provided, however, that no obligations incurred by the authority shall be a debt of the State or any of its political subdivisions, or a pledge of the credit or taxing power of the State or any political subdivision thereof. The authority is authorized to receive appropriations, gifts, and contributions of money, supplies, goods and services, or loans thereof, if approved by the Governor or appropriate State agency, and the political subdivisions of the State are hereby authorized to make, upon such terms and in such manner as may be required by the laws of this State, such appropriations and loans to such authorities.

4. To employ a market manager qualified to operate a market of the type contemplated by the authority and such additional employees as may be necessary for the management and operation of the market.

5/ The material in this section is based upon a report, *Suggested State Postwar Legislation, Federal-State Program for 1946-1947, Farm Products Market Facilities Act,* developed by the Council of State Governments, 1313 East 60th Street, Chicago 37, Illinois.

5. To fix the salaries of the market manager and any other authorized employees of the market.

6. To fix, alter, charge and collect rentals and charges for stores, stalls, space, buildings, equipment and other appurtenances, privileges, and services furnished or performed in or in connection with the market for the purpose of providing for the payment of the expenses of the authority, the construction, improvement, repair, maintenance, and operation of its properties, the payment of the principal and interest on its obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations; provided, however, that such rentals and charges shall not be designed to render a profit to the authority.

7. To promulgate reasonable rules or regulations relating to the use of the market, including without limiting the generality of the foregoing, rules and regulations relating to hours of business, sanitation, traffic, and such other matters as are normally incidental to the proper management of a market; provided, however, that no such rule or regulation shall fix or regulate prices, profits, or types of farm and food products dealt in.

8. In its discretion, and after due notice to interested persons and an opportunity to be heard, to suspend or revoke any or all rights or privileges of any person violating the rules and regulations provided for in (7) above, enjoyed in connection with his activities in the market.

9. To make contracts of any name and nature and to execute all instruments necessary or convenient for the carrying on of its business.

10. To enter into and maintain contracts for all such types of insurance as it may deem necessary to protect the authority against loss.

11. To enter into contracts of group insurance for the benefit of its employees, and to set up a retirement or benefit fund for such employees.

12. To adopt and use a corporate seal.

13. To make bylaws for the management and regulation of its affairs.

14. To sue and be sued in its corporate name.

15. To delegate to the market manager or other officers of the authority such duties and responsibilities in relation to the operation of the market as it may deem reasonably necessary.

16. In general, to do such other acts and things as may be reasonably necessary or convenient to carry out the powers hereinabove enumerated, and to carry on the operations of a wholesale market for farm and food products in accordance with the general purposes of this act.

The act might well prescribe the following limitations:

1. The authority shall be subject to all the zoning, building, fire, sanitary, health and other police ordinances and regulations of the State and political subdivisions in which it is established.

2. The authority shall have no power to discriminate against the sale on the market of any farm or food products, or against any producer of such products on account of country, State or political subdivisions in which any such products are produced, or on account of the legal status of the producer or other person engaged in the marketing of any such products, or on account of the conditions of employment or the nature of the labor employed in the production or marketing of such products or on account of the method of transportation; but the authority shall take every reasonable precaution to prevent any such discrimination.

3. The authority shall have no power to acquire, construct, maintain, or operate a market which is not operated primarily for the purpose of handling farm and food products at wholesale.

4. No member of the board of directors shall be interested directly or indirectly in any transaction with the authority except in connection with his normal business operations in the market.

5. No authority shall itself engage directly or indirectly in the purchase or sale of farm or food products, or engage in any business other than that of managing the market.

The bonds of the authority hereinabove referred to and authorized to be issued should be authorized by resolution or resolutions of the board of directors and be of such series, bear such date or dates, mature at such time or times, not exceeding 30 years from their respective dates, bear interest at such rates, not exceeding 6 percent per annum, payable annually or semi-annually, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration, exchangeability and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption not exceeding 105 percentum of the principal amount thereof; and be entitled to such priorities with respect to the revenues or receipts of the authority, as all such resolution or resolutions may provide. The bonds should be signed by designated officers of the authority, and coupon bonds should have attached thereto interest coupons bearing the facsimile signature of the treasurer of the authority. The act might well provide that any such bonds may be issued and delivered notwithstanding that one or more of the officers signing them or the treasurer whose facsimile signature is on the coupons, if any, shall have ceased to be an officer at the time such bonds shall actually be delivered. Pending the preparation and delivery of definitive bonds, interim receipts or temporary bonds may be issued and delivered to the purchaser or purchasers of such definitive bonds, and may contain such terms and conditions as the authority may determine.

The bonds might be sold at public or private sale at price or prices determined by the board, provided that the interest cost to maturity of the bonds shall not exceed 6 percentum per annum.

Any resolution or resolutions authorizing the issuance of any bonds might contain provisions which shall be part of the contract with the holders thereof, as to:

1. Pledging the full faith and credit of the authority (with the express understanding that no obligations incurred by the authority shall be an obligation of the State or any of its political subdivisions, or a pledge of the credit and taxing power of the State or any political subdivision thereof) as security for such obligations, or restricting such security to all or any part of the revenues of the authority from all or any of its properties;

2. Construction, improvement, operation, extension, enlargement, maintenance, and repair of the properties of the authority, and the duties of the authority with reference thereto;

3. Terms and provisions of the bonds;

4. Limitations on the purposes to which the proceeds of the bonds then or thereafter to be issued may be applied;

5. Rate of rentals and charges for stores, stalls, space, buildings, equipment and other appurtenances, privileges, and the services furnished or performed, on or in connection with the market;

6. Setting aside of reserves and sinking funds and the regulation and disposition thereof;

7. Limitations on the issuance of additional bonds;

8. Terms and provisions of any deed of trust or indenture securing the bonds or under which the same may be issued; and

9. Any other additional agreements with the holders of the bonds.

In order to secure any such bonds, the authority might be authorized to enter into any mortgages, deeds of trust, indentures or other agreements with any bank or trust company, or other person or persons in the United States having power to enter into the same, including any Federal agency, and may assign and pledge any or all of the revenues, receipts or other assets, real or personal, of the authority thereunder. Such mortgage, deed of trust, indenture or other agreement to contain such provisions as may be customary in such instruments, or as the authority may authorize, including (but without limitation) provisions as to: (1) The construction, improvement, alteration, expansion, operation, maintenance, and repair of any properties of the authority, and the duties of the authority with reference thereto; (2) the application of funds and the safeguarding of funds on hand or on deposit; (3) the rights and remedies of the trustee and the holders of the bonds (which may include restrictions upon the individual right of action of such bondholders); and (4) the terms and provisions of the bonds or the resolutions authorizing the issuance of the same.

The bonds could have all the qualities of negotiable instruments under the law of merchant and the negotiable instrument law of the State.

1. In the event that the authority shall default in the payment of the principal of or interest on any of the bonds, whether at maturity or upon call for redemption, and such default shall continue for a period of 30 days; or in the event that the authority or any

officers, agents, or employees thereof shall fail or refuse to comply with the provisions of this act or shall default in any agreement made with the holders of the bonds, any holder of bonds or trustee therefor shall have the right to apply in an appropriate judicial proceeding to any court of competent jurisdiction for the appointment of a receiver to represent the bondholders for the purposes herein provided, whether or not all bonds have been declared due and payable and whether or not such holders or trustee therefor are seeking or have sought to enforce any other right or exercise any remedy in connection with such bonds. Upon such application the court may appoint, and if the application is made by the holders of or a trustee on behalf of the holders of 25 percent in aggregate principal amount of such bonds then outstanding, shall appoint, a receiver to represent the bond holders for the purposes herein provided.

2. The receiver so appointed shall forthwith directly or by his agents and attorneys enter into and upon and take possession of the properties of the authority, and may exclude the authority, its officers, agents, and employees and all persons claiming under them wholly therefrom and shall have, hold, use, operate, manage, and control the properties of the authority in the name of the authority, or otherwise, as the receiver may deem best and shall exercise all of the rights and powers of the authority with respect to such properties as the authority itself might do. Such receiver shall maintain, restore, insure, and keep insured the properties of the authority and from time to time shall make all such necessary or proper repairs as may seem expedient to such receiver, and shall establish, levy, maintain, and collect such rents and charges in connection with the properties of the authority as such receiver may deem necessary, proper, or reasonable, and shall collect and receive all revenues of the authority and deposit the same in a separate account and apply any such revenues so collected and received in such manner as the court shall direct.

3. Whenever all money that is due on the bonds and interest thereon, and on any other obligations and interest thereon, having a charge, lien, or other encumbrance on the revenues of the authority under any of the terms of any covenants or agreements with the holders of bonds shall have been paid or deposited as provided therein, and all the faults shall have been corrected and made good, the court may, in its discretion and after such notices and hearings as it deems reasonable and proper, direct the receiver to surrender possession of the properties of the authority to the authority, the same right of the holders of the bonds to secure the appointment of a receiver to exist upon any subsequent default as hereinabove provided.

4. Such receiver shall in the performance of the powers hereinabove conferred upon him act under the direction and supervision of the court making such appointment, and shall at all times be subject to the orders and decrees of such court and may be removed thereby. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any functions specifically set forth therein.

5. Notwithstanding anything in this section to the contrary, said receiver shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the authority and useful therefor, but the power of any such receiver shall be limited to the operation and maintenance of the authority and no court shall have any jurisdiction to enter any orders or decrees requiring or permitting said receiver to sell, assign, mortgage, or otherwise dispose of any such assets.

Subject to any contractual limitations binding upon the holders of any issue of bonds or trustee therefor included but not limited to the restrictions of the exercise of any remedy to a specified proportion or percentage of such holders, any holder of bonds, or trustee therefor, shall have the right and power for the equal benefit and protection of the holders of bonds similarly situated:

1. By mandamus or other suit, action or proceeding at law or in equity, to enforce his rights against the authority and any of its officers, agents, or employees, and to require and compel such authority or any such officers, agents, or employees to perform and carry out its and their duties and obligations under this act and its and their covenants and agreements with bondholders.

2. By action or suit in equity to require the authority to account as if it were the trustee of an express trust for the bondholders.

3. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders.

4. Bring suit on the bonds.

5. By notice in writing to the authority, declare all bonds due and payable, and if all defaults shall be made good then with the consent of the holders of 25 percentum (or such other percentage as may be specified in any resolution, indenture, or other instrument authorizing the issuance of such bonds) of the principal amount of the bonds outstanding, to annul such declaration and its consequences.

No remedy conferred by this act upon any holder of bonds, or any trustee therefor, is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to any other remedy and may be exercised without exhausting and without regard to any other remedy conferred by this act or any other law. No waiver of any default or breach of duty or contract, whether by any holder of bonds, or any trustee therefor, shall extend to or shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any bondholder or any trustee therefor to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the holders of bonds may be enforced and exercised from time to time and as often as may be deemed expedient. In case any suit, action, or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to the holder of the bonds, or any trustee therefor, then and in every such case the authority and such holder, or trustee, shall be restored to their former positions and rights and remedies as if no such suit, action, or proceeding has been brought or taken.

Exemption from taxation.--The effectuation of the authorized purposes of the authority created under this act, being public corporations, shall and will be in all respects for the benefit of all the people of the State, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions. As such authority

will be performing essential public functions in effectuating such purposes, the bonds issued by any such authority, their transfer and the income therefrom, shall at all times be free from taxation within the State. 6/

Audit and Publications.--(a) Immediately after the close of each fiscal year, every authority established pursuant to this act shall cause an audit to be made of its operations for such fiscal year. Such audit shall be made by a certified public accountant, or firm of accountants not regularly employed by the authority for its accounting purposes, or with the approval of the proper State official, by a regular State accounting agency. Within 90 days after the close of its fiscal year each such authority shall file with the State department of agriculture a copy of such audit together with names of the officers and directors thereof. Any person violating or failing to comply with the provisions of this section shall be guilty of a misdemeanor. (b) Every authority established hereunder shall keep such records and make such reports to the Director of the Division of Markets as may be required by the Director with the approval of the Secretary of Agriculture. (c) In case any such authority shall fail or refuse to keep such records and to make such reports as are required by subsection (b) of this section, the Director of the Division of Markets through the attorneys for the State of the several counties and cities, may institute the necessary proceedings or otherwise, in his discretion, to have the directors, or such of them as are responsible for such failure or refusal, removed from office as provided in this act.

Separability of Provisions.--If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

6/ Each State should give serious consideration to whether, or the extent to which, the real and personal property of the authority created under this act should be exempt from local taxation, whether by direct exemption or provision for payment in lieu of taxes, and whether permanently or for a limited time. The States should also give consideration to exemption from State, county, and municipal license fees and nuisance taxes which result in a discrimination between permanent and transient operations on the market. State legislatures may wish to consider granting to political subdivisions the power to waive the payment of taxes in whole or in part in order to aid in the establishment of authority.

APPENDIX C

Provisions of the Benton Harbor General Code

Sections of the Benton Harbor, Michigan general code setting up regulations for the city public markets are as follows:

ARTICLE 12
PUBLIC MARKET

Section 1201.

1201.1 The public market shall be a city owned and regulated place together with the buildings and all structures or equipment thereon which may be used by producers, buyers, dealers, and other persons and/or their trucks or vehicles for the purpose of selling, buying and transporting fruit, vegetables and produce.

1201.2 The public market shall be known as the Benton Harbor Fruit Market.

1201.3 The public market shall be located on an area within the city of Benton Harbor situated and bounded as follows:

On the north by Market Street, on the east by Ninth Street, on the south by Bond Street, on the west by Twelfth Street, and also that parcel of land lying south of Bond Street and east of Eleventh Street which is 305 feet north and south by 469.3 feet east and west, and also any adjoining land or property which may be purchased and dedicated to market purposes by the city of Benton Harbor.

1201.4 The object of the public market shall be to provide a suitable and convenient place for the selling and buying of fruit, vegetables and produce and also for the assembling and reloading of same for shipment.

1201.5 The market board shall be a body of 5 electors and 2 growers of the city of Benton Harbor appointed by the mayor and approved by the commission.

1201.6 The rules and regulations adopted by the said market board on May 21, 1937, are hereby approved by the city commission and are included in and made a part of this article.

1201.7 The city clerk shall be ex-officio clerk of the market board.

1201.8 Special market officers appointed by the market board or market master who may be called upon to perform police duties shall be sworn in as special police officers before assuming such duties and shall be responsible to and under the authority of the chief of police.

1201.9 Police supervision by the market board shall extend to the streets and alleys immediately adjacent to the market.

1201.10 Definitions of words and phrases used in this ordinance and in the market rules and regulations shall be as follows:

(a) The word *market* when used in this ordinance shall mean the public market.
(b) The singular person in this ordinance includes the plural and the plural includes the singular.
(c) The masculine includes the feminine and neuter genders.
(d) The word *person* includes natural persons, co-partnerships and corporations.
(e) The word *producer* means a person who is actually engaged in the business of growing farm products on land owned or leased by himself, or a member of his family, or an employee of such person for a salary or wage.
(f) The word *season* means that part of any year during which fruit, vegetables and produce are offered for sale on the market but not earlier than May 1st nor later than December 1st.
(g) The words *streets and alleys immediately adjacent* shall mean those streets and alleys which may be within the market area and those bounding said market on any side.

1201.11 Collection and disbursement of monies.
(a) The market board shall adopt a schedule of fees and licenses.
(b) All monies so collected or received by the market board shall be turned over to the city treasurer each day and said monies shall be credited to the MARKET ACCOUNT, and deposited by the treasurer in a separate bank account designated as the MARKET FUND. All salaries, expenses and operation, police supervision, all costs of land or buildings and all expenses whatsoever incident to the establishment, maintenance, improvement and/or extension of said market shall be charged against the MARKET ACCOUNT.
(c) The market board or its finance committee shall pass upon all disbursements from said MARKET ACCOUNT before said disbursements are audited by the city manager and approved by the city commission and disbursements from said MARKET ACCOUNT are to be made on regular city vouchers drawn on the GENERAL FUND of the city of Benton Harbor. The city treasurer shall, at least once a month, transfer sufficient monies from the MARKET FUND to the GENERAL FUND of the city to cover actual disbursements of market expenditures.

1201.12 The market master shall report each day to the city clerk the amount of money paid by him to the city treasurer and shall also give said city clerk an itemized statement of all market receipts of the day.

1201.13 It shall be unlawful for any person, firm or corporation to buy or sell fruit, vegetables or produce at wholesale or for shipment outside of the city on any of the streets, alleys or other public property of the city of Benton Harbor except on the public market.

1201.14 It shall be unlawful for any person to intercept or stop a producer who is on his way to public market and to dissuade or attempt to dissuade him from proceeding to the market or to buy all or a part of his fruit, vegetables or produce for the purpose of re-selling the goods so bought for final shipment outside of the city or to enhance the price or decease the amount of produce offered for sale on the market.

Section 1202. Market rules and regulations.

1202.1 The following rules and regulation governing the operation of the public market in the city of Benton Harbor are hereby passed and adopted by the market board of the city of Benton Harbor, on the 21st day of May, 1937, and amended on the 11th day of June, 1947.

(a) The office of city market master is hereby created and said office shall be filled by some suitable person to be appointed by the market board. The market board shall have the power to remove said market master from office whenever in its judgment such person becomes or is unfit or incompetent. Such person so appointed shall file his oath of office with the city clerk and before entering upon the duties of his office shall furnish a surety bond to be approved by the market board in the sum of at least $2,000 conditioned upon the faithful performance of his duties as market master; the salary of the market master and that of any other employee on the market or connected with the operation of the same shall be fixed by the market board.

(b) Said market master shall have police supervision and general control of the city market and the streets and alleys immediately adjoining, and shall collect all license fees and deliver to each buyer or loader, as provided for herein, the required sign, badge or ticket for use on his person.

(c) The market board shall furnish such special police officers for supervision on said market as necessary, the salaries of which are to be paid out of market funds, and the said market master and police officers are hereby authorized to eject from said market and/or arrest any person guilty of disorderly conduct or who may be guilty of violating any ordinance of the city or law of the State of Michigan.

(d) No person shall deface or damage the buildings, loading platform, pavement, streets, alleys or any other physical equipment of said market.

(e) Every person renting a loading space shall keep the same in a clean, sanitary condition and shall deposit all garbage and other refuse such as broken crates, boxes, barrels or pieces thereof, waste paper and/or other rubbish in receptacles which shall be provided at convenient places on said market by the market board, and no garbage or rubbish shall be burned or left on said market except in said receptacles.

(f) It shall be unlawful for any person to sell or offer for sale on said public market, or in the streets or alleys immediately adjacent, any food, milk, ice cream, cigars, cigarettes, soft drinks or other refreshments or operate or attempt to operate any concessions, stands or places of business, without first having obtained a license to do so from the market board.

(g) The market master and his duly authorized assistants shall have the authority to direct the arrangement and movement of all vehicles on the market grounds and immediately adjacent streets, and persons in charge of said vehicle shall conform to the directions so given. Growers using the market shall not leave their loads unattended and shall move up in the lanes whenever a vacancy occurs immediately ahead.

(h) The definitions as given in the city market ordinance shall govern in these rules and regulations.

(i) No person, firm or corporation shall pursue the business of buying, shipping or transporting fruit, vegetables or other farm products on or within said market or in the streets immediately adjacent thereto without having first obtained a license therefor from the market master or his representatives as hereinafter provided.

(j) It shall be the duty of the market master or his representative to collect from the person in charge of any load of produce upon entering the market a privilege or license fee as follows: Ten cents (10¢) for twenty-five or less packages on any load; twenty-five cents (25¢) for loads of twenty-six or more packages; except as provided in paragraphs (k) and (l) of these rules and regulations. Such fees shall be collected for each load of produce or part thereof to be sold or offered for sale at wholesale or retail, and no driver of such load of fruit, vegetables, or farm produce shall be permitted to enter said market with such load or to deliver same to any buyer or dealer or to transfer same to an outgoing truck or other vehicle, until the owner of such load, or the person in charge thereof, shall have paid to the market master or his representative the proper privilege fee. Any vehicle carrying one or more packages, containers or parcels of fruit, vegetables or produce shall be considered a load and any passenger car with trailer attached shall be considered as one vehicle. All loads of produce shall pass through the main entrance of said market, as amended June 11, 1947.

(Note: 3 1/5 baskets shall be considered as one package.)

(k) (1) All co-operative associations, cold storage companies, packing service associations, group haulers and resale loads shall pay one ($1) dollar for each load entering the market.

(2) All season buyers, except those mentioned in the preceding paragraph of this section, having stalls rented from the market master and wishing to resell on the market shall pay one dollar ($1) per load for each load entering the market, as amended June 11, 1947.

(l) Said public market shall be laid out with suitable roadways for the purpose of ingress and egress and for the convenience of sellers loads, and certain other parts for the convenience of buyers and shippers shall be divided into stall spaces at least ten feet (10') in width, and each of such stall spaces shall be numbered. The market master shall rent or lease each of said stall spaces to buyers or to truckers for the season on the terms hereinafter mentioned. Said market master shall not rent or lease any such stall space for less than the sum of $100 for the season. The said rental fee must be paid in advance, said payment shall entitle the lessee to one season buyer's license. In event that any person shall rent or lease two or more of such stall spaces for the season then such person and one of his agents shall have the right to buy fruit, vegetables and produce on said market during such season for shipment on trucks and vehicles owned or operated by such person without the payment of any other or additional fee or charge. Additional buyer's license may be

issued each day to such person without further charge up to but not more than one such license for each stall. Said license to be used only by bona fide agents of said person provided that such person shall load such fruit, vegetables or produce on his said trucks or vehicles only in or at the stall spaces previously rented or leased by him on said market, as amended June 11, 1947.

(m) The stall space not leased by the market master for the season may be temporarily rented or leased by him to any person desiring same, for the sum of one and one-half dollars ($1.50) for the first load of fruit, vegetables or produce loaded from said space, and an additional (50¢) fifty cents for every load thereafter for that day, and said payment shall give the lessee the right to buy fruit, vegetables and produce on the market without any additional fee or charge for that day, as amended June 11, 1947.

(n) Before any person who has not rented one or more spaces for the season, shall buy or attempt to buy any fruit, vegetables or produce on said market he shall obtain a license therefor from the market master. The fee for such license shall be $100 for the season, or the sum of one and one-half dollars ($1.50) per day payable in advance, as amended June 11, 1947.

(o) Every person to whom a license shall be issued shall be furnished with a suitable sign or badge which he shall conspicuously display upon his person while on said market during business hours, and no person shall buy or attempt to buy fruit, vegetables or produce on said market without such sign or badge is so displayed.

(p) No person renting a stall space on said market shall sell, sublet or assign the same or any part thereof or shall use same for any purpose, other than the loading, unloading or storing of fruits and vegetables, nor shall any person loan, sell or assign his license to buy without the consent and approval of the market master.

(q) It shall be unlawful for any person to offer for sale or sell any fruit, vegetables or farm produce which is not in accordance with the standards determined and fixed by the laws of the State of Michigan or accepted as standard within the State.

(r) The said market shall be open for business each day during the season, excepting Saturdays and the days preceding any holiday, not later than ten o'clock in the forenoon and shall close not later than nine o'clock in the evening, central standard time.

(s) The market master may revoke for cause any license or privilege issued to any person, under the terms of these rules and regulations and such revocation shall have immediate effect. Any person attempting to transact business on said market after the revocation of his license shall be guilty of violating these rules and regulations and may be punished as provided by city ordinance. Any person whose license has been revoked shall be barred from the public market unless and until he shall be reinstated. Any person whose license has been

revoked by the market master may appeal therefrom to the market board; said appeal must be made in writing within twenty-four hours after said revocation and such appeal shall set forth in a concise manner the cause of the revocation and the reason for appealing. The market board shall fix a time and place for hearing not less than one day nor more than three days after the appeal has been filed, and after hearing such appeal the market board may affirm the revocation or reinstate the appellant and the action of the market board shall be conclusive and final.

(t) The market master shall settle with and pay over to the city treasurer, each day, all monies collected and received by him under the terms and provisions of these rules and regulations. The market master shall also report, each day, to the city clerk the amount of money paid to the city treasurer and shall give said city clerk an itemized statement of all market receipts of the day.

(u) The market master and other employees of the market board shall not be interested either directly or indirectly in the purchasing, buying or selling of any fruit or produce sold on said market and shall not receive any tips or gratuities from any licensee, buyer or seller on said market.

(v) Any licenses granted under these rules and regulations shall be transferable only with the consent of the market master.

(w) Any person, firm or corporation who violates, disobeys, omits, neglects or refuses to comply with, or resists the enforcement of these regulations, shall be punished according to law and the provisions of the market code, and shall also be liable to having his license revoked at the will of the market master.

APPENDIX D

Examples of Lease Agreements

Merchant Unit Lease Agreement

All markets of the terminal and terminal-assembly types have lease agreements with merchants who rent store units. A sample lease form showing some of the major provisions which are generally included in these agreements is given below. It must be kept in mind that because of the differences in local situations, this is not meant to be a model lease but it includes suggestions which might be helpful in drawing up this type of agreement.

MERCHANT UNIT LEASE AGREEMENT

This lease, made in the city of _____, _____ County, State of _____ on _____, 19__, by and between the Produce Terminal Market, a corporation organized and existing under the laws of the State of _____, and having its office at _____ Street, _____ city, _____ State, and hereinafter called the landlord, and _____, hereinafter called the tenant:

WITNESSETH

I

The landlord for and in consideration of the covenants, agreements, and promises hereinafter contained does hereby lease and demise unto the said tenant the following described premises situated in and upon the produce terminal market in the city of _____, _____ County, State of _____.

_____

_____

_____

The term of this lease shall be for ____ year(s) commencing _____, 19__, and ending _____, 19__, unless sooner terminated as hereinafter provided.

As a part of the consideration for this lease the tenant agrees, binds and obligates himself to pay unto landlord the sum of:

_____ _____DOLLARS ($_____)

at the time of executing these presents, and the further sum of:

_____DOLLARS ($_____)

in monthly installments of _____ DOLLARS ($_____)

each in advance of the first (1st) day of each consecutive month during the term. All such payments shall be made in advance without demand at the office of the landlord. The rent from the day of commencement to the first day of the next calendar month shall be prorated on a monthly basis. Should said rent herein provided at any time remain due and unpaid for a period of ten (10) days after same shall become due, the landlord may, at his option, consider the tenant a tenant at sufferance, and the landlord, his agents, or employees, may immediately re-enter upon and take full possession of said premises and the entire rent for the remainder of the entire term shall at once become due and payable and may forthwith be collected by distress or otherwise.

II

The tenant agrees that he will at all times faithfully keep and abide by the terms, conditions, covenants, and agreements hereunder, and should he neglect, fail, breach or be in default in any manner hereunder and such default continue for a period of ten (10) days after date of written notice thereof given by landlord to tenant, or should he make an assignment for benefit of creditors, or should bankruptcy proceedings, either voluntary or involuntary be instituted by or against him, or should a receiver be appointed to take charge of his property, or should he vacate or abandon the premises, then in any such event, all rights of tenant hereunder shall immediately cease and be terminated, and landlord is expressly given and granted the election and option (a) to declare the balance of the rent for the remainder of the term matured, due, and payable at once, as if all of the rental reserved herein were payable in advance, and to take tenants property in the premises and sell the same either at public or private sale, and after payment of expenses and reasonable charges, to apply the proceeds to the amount of such rental and other charges as may be due, and if any balance remains unpaid to demand, sue for, and collect any deficiency or (b) landlord may re-enter the premises and eject tenant therefrom without being deemed guilty of trespass, and take possession of the premises, and in either event all rights under this contract and otherwise, and all causes of action by tenant against landlord, are hereby expressly waived, (c) or landlord may endorse this contract without determination thereof.

III

Landlord hereby expressly reserves to itself all the rights of ingress and egress over its premises, and reserves to its own use all rights of way and entrances. Landlord has and shall have the right to restrict and limit the use by tenant and all other persons of all its property, including entrances, roadways and rights of way, and of adjoining premises.

IV

The faithful observance by the tenant of the rules and regulations of the market as made by the landlord, and which are hereby made a part of this covenant, and of such other and further rules or regulations as hereinafter may be made by the landlord, are the conditions upon which this lease is made and accepted and any failure on the part of the tenant to comply with any of said rules and regulations now in existence or which may be hereafter prescribed by the landlord, shall, at the option of the landlord, work a forfeiture of this lease and all of the rights of the tenant hereunder. The rules and regulations of the market shall be available for inspection by the tenant at the office of the market manager. The rules and regulations may be revised from time to time by the landlord, and such revised rules and regulations shall also be made available to the tenant at the office of the market manager.

V

Tenant agrees that all payments, whether rental or other charges, due or to become due to landlord under the contract shall always be a valid first lien upon the premises and this contract under which the same are held.

VI

(a) Tenant gives and grants to landlord an express contract and mortgage lien upon all of his goods, chattels, and property of every kind placed or used in or about the premises and this lien shall be cumulative of and in addition to the statutory landlord's lien of _____ and not in lieu thereof, to secure landlord in his faithful performance of all the terms, covenants, conditions, and agreements herein, and including all rentals, other charges and damages arising hereunder, whether now due or which may hereafter become due and owing to landlord and all laws exempting such property to tenant are hereby expressly waived.

(b) Tenant agrees to deliver to landlord within _____ days from the execution of this lease a surety bond in the amount of _____ dollars from a reputable bonding company, guaranteeing the faithful performance by tenant of all the terms and conditions of this lease.

VII

Tenant shall observe and comply with all rules, regulations, ordinances, and laws now in effect or which may be enacted during the continuance of this lease by any municipal, county, State or Federal authority having jurisdiction over the premises, for the correction, prevention, and abatement of nuisances, disorderly conduct or other grievances in, upon, or near said premises during said term, and the tenant shall indemnify the landlord for any damage caused by the violation thereof; and the tenant shall not permit or suffer any noise, disturbances, or nuisances whatsoever on or about said premises that may be detrimental to same or annoying to the public or to the other tenants of the market.

VIII

Tenant shall use all reasonable care in the use of the streets, roadways, aisles, parkways, toilets, and other parts of the said market used in common with other tenants therein, which may be necessary for the preservation of the property and the comfort of the other tenants of the market.

IX

Tenant agrees that the landlord or its agents or representatives may at any reasonable time or times enter upon and view and inspect said premises, and make repairs, if the landlord should elect to do so. The right of entry shall likewise exist for the purpose of removing any signs, fixtures, alterations, or additions which do not conform to the terms and conditions of this lease, or to the rules and regulations of the market.

X

(a) Tenant shall pay all charges which may be assessed or charged against the said premises for all utilities needed and used therein, such as light, water, heat, gas, and power, within ten (10) days after the same shall become due and payable; and in case the utility charges are not levied specifically against said premises, the tenant shall pay his prorata part of all such utility charges levied upon the market in which the demised premises are located.

(b) Tenant agrees to pay _____ percent of all taxes and assessments, ordinary and extraordinary, general and specific, including the same for 19__, which may be levied or assessed on the market premises.

XI

Tenant covenants and agrees with and to landlord that he will use and occupy the premises for the conduct of his produce business at wholesale and for no other purpose without first securing the written consent of the landlord thereto.

XII

The tenant shall not assign his interest in this lease nor underlet the whole or any part of said premises nor shall the same be used or permitted to be used or occupied by any other party or person except the tenant.

XIII

It is expressly agreed by and between the parties hereto, that the landlord shall not be liable for any damage or injury which may be sustained by the tenant, resulting from the carelessness, or negligent or improper conduct on the part of any other tenant, his agents or employees, or by reason of the breakage, leakage, or obstruction of the water, sewer, or soil pipes, or other leakage in or about the said market.

XIV

That in the event the premises herein, or a substantial portion of the same, should be damaged by fire, act of God, the elements, inevitable accident, or latent defects in construction to such extent as to be rendered unfit for the use and occupancy herein intended, then the rental herein reserved or a just and proportionate part thereof, according to the nature and extent of the damage done, shall be abated until landlord shall have reasonably repaired and restored the premises; and provided, however, any damage done or resulting from or caused by the acts or omissions of tenant, his agents, servants, visitors, or employees shall be immediately restored by tenant at his own cost and expense and shall never be a basis for abatement of rents or any portion thereof.

XV

In the event the above described premises shall be destroyed or so damaged or injured by fire, wind, hurricane or other casualty during the term of this lease, whereby the same shall be rendered untenantable, then the landlord shall have the right to render said premises tenantable by repairs within ninety (90) days therefrom. If said premises are not rendered tenantable within said time, it shall be optional with either party hereto to cancel this lease by written notice to the other party, and in the event of such cancellation, the rent shall be paid only to the date of such fire or other casualty.

XVI

The tenant covenants that the said premises will not be used in any manner that will invalidate any policies of insurance now or hereinafter written on the building in which said premises are located or will increase the rate of premium thereof.

XVII

The tenant agrees to always keep the premises clean and presentable, free from fire and other hazards, and will never permit waste or damage beyond ordinary wear and tear, keeping the premises in good condition and repair at all times.

XVIII

If the tenant shall abandon, vacate, or remove the major portion of the produce, goods, wares, and merchandise usually kept on said premises when the same is open for business, and shall cease doing business in said premises, to all intents and purposes, then in such event, this lease shall immediately become canceled and null and void, and all payments made by the tenant shall be retained by the landlord and the tenant shall not be entitled to the return of any monies so paid by him, even though such payment is for a time subsequent to such closing of the place of business and removal of the goods, wares, and merchandise; and in the event of such abandonment, vacation, or removal, the premises may be relet by the landlord for such rent and on such terms as the landlord may see fit; and if a sufficient sum shall not be realized either from the reletting or from the payments made by the tenant and retained by the landlord as hereinabove provided, after paying all expenses of such reletting and collecting to satisfy the rent hereby reserved, the tenant shall satisfy and pay all deficiency.

XIX

The tenant will never obstruct or interfere with the rights of other tenants in the market premises, nor with the use of the remainder of the market premises by those entitled to the use thereof.

XX

The tenant will not make any alterations or additions to the premises unless first he shall have secured the written consent of the landlord therefor and any and all such alterations, additions, or improvements, whether temporary or permanent, shall become the property of the landlord from the time such alterations, additions, or improvements are made; provided that the tenant may not make any alteration, addition, or improvement to the premises unless he keeps the premises free from mechanics' or materialmen's liens and from any claims which might ripen into such mechanics' and materialmen's liens, and that should such claims arise or liens attach to the premises by reason of such alteration, addition, or improvement, the tenant shall pay off the same; and provided further that should any such alteration, addition, or improvement cause either the insurance premiums or the ad valorem taxes of landlord to be increased because of the same, tenant agrees to pay to landlord each year the amount of such increase in insurance premiums and ad valorem taxes resulting from the alteration, addition, or improvement.

XXI

In accepting the space, the tenant takes the premises in good condition and repair in every respect, suitable and safe for the purposes and use intended and waives all defects therein, and entrance in and upon the premises shall constitute an acceptance

and admission that the improvements have been erected and completed in strict accordance with the plans and specifications and such acceptance shall be conclusive against him as to the same.

XXII

The tenant shall idemnify, save, and keep harmless the landlord of and from any and all claims, suits, actions, damages, and/or causes of action arising during the term of this lease for any personal injury, loss of life, and/or damage to property, sustained in or about the leased premises by reason or as a result of the tenant's occupancy thereof, and from and against any orders, judgments, and/or decrees which may be entered thereon, and from and against all costs, attorney's fees, expenses, and liabilities incurred in and about the defense of any such claim and the investigation thereof provided, however, that before said tenant shall become liable for all of said costs, attorney's fees, expenses and liabilities, the tenant shall be given notice in writing that the same are about to be incurred and he shall have the option to make the necessary investigation and employ counsel of his own selection, but satisfactory to the landlord, for the necessary defense of any such claims.

XXIII

Tenant agrees no obligation as to the repairing, adding to, or improving said premises has been assumed or promised by the landlord, and that no oral agreements or arrangements of any kind have entered into in consideration of making this lease, and this lease contains a full statement of the obligations and agreements of both parties hereto.

XXIV

Landlord covenants and agrees with and to tenant, and providing tenant shall not be in default hereunder, as follows: That the premises are in good condition and repair and free from major structural defects, and tenant keeping the terms, conditions, covenants, and agreements herein shall enjoy peaceable use and possession of the same for the purpose intended. That he will be permitted to remove his furniture and fixtures and other personal property in the premises at the end of the term of this lease or any extension thereof providing such removal shall not injure or damage the premises and such removal to be effected not later than at noon on the last day of the term of this lease or any extension thereof.

That it will make available to him during the term, for his use and at tenant's own cost and expense such gas, water, and electricity, as he may use in the premises, but landlord shall never be liable for the stoppage or failure of any such services for any reason whatever, provided, however, landlord will use due diligence in securing such services from municipal authorities furnishing the same and in keeping such services in good condition and repair. That it will provide and furnish reasonable and necessary police and sanitary services to the market grounds and keep the same clean and in good repair at all times.

A.

That the tenant shall be responsible for all interior repairs, but shall not be liable for any structural weaknesses contained in said buildings, which said structural

defects shall be repaired at the cost of the landlord; that the tenant shall not be responsible for any sewerage blockage or for hidden or latent defects in said demised premises.

B.

That the tenant shall maintain said premises including unloading platforms and railway sidings, if any, used or to be used by the tenant as approved by the landlord, in a clean, orderly, well-ventilated, and sanitary condition, and free from snow and ice to permit the placing of cars, and shall comply with such requirements as the landlord shall deem necessary, in regard to the placing upon the building of any sign, advertising, notice or inscription, and any other reasonable sanitary and maintenance requirements which the landlord shall deem necessary to protect the business of other tenants in the same building.

That the tenant shall pay as additional rent any increase of the fire insurance on the building in which said premises are located, charged landlord over and above the regular premium, or the tenant's proportionate part, if more than one tenant is involved, (with subnormal devices or equipment) where such increase is occasioned by the installation or use of any device or equipment by the tenant; that the present premium includes the installation and use of banana ripening equipment approved and labeled by the Underwriters' Laboratories, Inc.

C.

The landlord covenants that the tenant shall have the option to renew this lease for an additional period of ____ years on the same terms and conditions, except as to rent, as provided herein, provided written notice or election to renew shall be sent to the landlord by registered mail at least ninety (90) days prior to the expiration of this lease, and provided the tenant is not in default in the performance of the terms and conditions of this lease, and provided further this lease is not terminated before the expiration of the term thereof as provided for herein.

XXV

Tenant agrees that this contract in all respects shall at all times be subject to and subordinate in and to any mortgage or lien which the landlord herein as owner has created or shall create at any time on the market premises as a whole and tenant agrees to execute, acknowledge, and deliver upon request, all documents demanded by landlord necessary in respect thereto; and further, that renewal or extension of any mortgage or lien shall remain a first and superior lien on the premises and to this contract.

XXVI

Tenant agrees that the rents and all other charges and damages herein reserved may be assigned by landlord, and tenant, upon receiving written notice of such assignment and upon request to do so, shall pay all rents and other amounts due hereunder to the landlord's assignee.

XXVII

Tenant agrees that in the event of condemnation of part or all of the premises leased, the award shall be paid first to the mortgagee of any mortgage or beneficiary under a Deed of Trust existing on the premises until the balance of the principal, interest, and all costs due under said mortgage or deed of trust has been paid in full and if any excess of the award exists after such payment to the mortgagee or beneficiary, the excess shall be paid to the owner in fee of the premises. If any mortgagee or beneficiary under a trust deed becomes the owner of the premises either through foreclosure or sale under court order or under a power of sale, or through voluntary conveyance, then such owner shall be entitled to as much of the award as is necessary to reimburse it for the total amounts of principal, interest, and all costs that were owed or incurred as of the date that it secured possession of said premises and if any excess of the award exists after this payment to such owner, the excess shall be approportioned between such owner and the other interests in said premises as they may mutually agree.

XXVIII

The terms *landlord* and *tenant* as herein contained shall include singular and/or plural, masculine and/or feminine wherever the context so requires or admits, and this contract shall bind the landlord and its assigns or successors, and the heirs, assigns, administrators, legal representatives, executors or successors, as the case may be, of the tenant.

Any notice or demand by either party hereto to the other shall be deemed to have been duly and timely made if such notice shall be written in the English language and either delivered in person or mailed postpaid by U. S. mail addressed to the other party at his business or residence address.

XXIX

Landlord and tenant covenant and agree with and to each other in the following respects: That the waiver of any term, condition, covenant, or provision herein, or the default or breach of the same, shall never be construed as a waiver of any succeeding default or breach arising hereunder; and the collection and receipt of rents or other charges hereunder by landlord shall never be construed as a waiver of any rights of landlord hereunder.

XXX

Tenant will at the end of the term peaceably yield and surrender to landlord the premises and all appurtenances thereto in good condition and repair, including all utilities, excepting only ordinary and reasonable use, wear, and tear thereof.

XXXI

If the tenant shall occupy said premises with or without the consent of the landlord after the expiration of this lease and the rent is accepted from said tenant, such occupancy and payment shall be construed as an extension of this lease for the term of one (1) month only from the time of such expiration; and occupancy thereafter shall

operate to extend the lease from month to month only, unless other terms of such extension are indorsed hereon in writing and signed by each of the parties hereto.

XXXII

The rights of the landlord under this lease shall be cumulative, and failure on the part of the landlord to exercise promptly any rights given hereunder shall not operate to forfeit any of the said rights.

XXXIII

This contract and agreement sets forth and covers all of the understandings and agreements between the parties hereto, and no changes, alterations or amendments hereto shall be made except the same be in writing signed and agreed to by all of the parties hereto.

XXXIV

In the event tenant fails, refuses, or neglects to keep or abide by any of the conditions of this lease and it is necessary for landlord to employ an attorney to enforce the provisions thereof, with or without filing of any court proceedings, tenant agrees to pay all expenses, costs, and charges which may result from the enforcement of the provisions of this lease, including a reasonable attorney's fee.

XXXV

When any installment of charges for utilities or any other amount accuring under the terms and provisions of this lease shall not be paid by tenant when due, the landlord shall have the right at his option, to pay the same, which amounts so paid are hereby declared to be so much additional rent and shall be due and payable as part of and with the next installment of rent due thereafter under this lease.

(a) Any installment of rent or any other amount accruing under the terms and provisions of this lease which shall not be paid by tenant when due and payable shall bear interest at the rate of ___ percent per annum from the date when the same was due and payable under the terms of this lease until the same shall be paid by tenant.

IN WITNESS WHEREOF, the parties have caused these presents to be signed, sealed, and delivered on the day and year first above written.

(Corporate Seal)

PRODUCE TERMINAL MARKET

ATTEST: _____
Secretary

By _____
President

WITNESSES:

_____ _____(SEAL)

_____ _____(SEAL)

As to Landlord

Tenant

_____ _____

_____

As to Tenant

Optional Provision for New Market

Tenant agrees that after the market has been in operation for a period of 1 year and landlord's auditors have determined the operating costs and overhead expenses for the first year, then thereafter during the term of this lease, if such operating costs and overhead expenses for any year or subsequent year as determined by the landlord's auditors exceed the operating costs and overhead expenses as determined for the first year of operation by as much as $5,000 or more, then there shall be charged to tenant and tenant agrees to pay as additional rent that portion of such operating costs and overhead expenses in excess of the amount for the first year, measured at 1-1/4 percent of such excess times the number of units covered by this contract, and such additional rent shall be promptly paid upon receipt of statement therefor.

Farmers' or Truckers' Lease

Leases with farmers and truckers for shed-stall space is common to all types of markets. The following sample agreement contains some suggestions to be considered in preparing this kind of a lease.

FARMERS' OR TRUCKERS' LEASE AGREEMENT

This lease agreement entered into this _____ day of _____, 19__, between the Farmers' Market, Inc., a corporation organized and existing under the laws of the State of _____, and having its offices at _____, and hereinafter referred to as the landlord and _____, hereinafter referred to as the tenant.

WITNESSETH: For and in consideration of the sum of _____, the landlord leases and the tenant agrees to lease Stall Number _____, Section Number _____, on the Farmers' Market as shown by the official map of said market on file in the office of the landlord, for a period beginning _____ and ending _____.

The tenant agrees to pay to the landlord the rental of _____dollars to be paid in advance.

Tenant shall observe and comply with all rules, regulations, ordinances, and laws now in effect or which may be enacted during the continuance of this lease by any municipal, county, State, or Federal authority having jurisdiction over the premises, for the correction, prevention, and abatement of nuisances, disorderly conduct, or other grievances in, upon, or near said premises during said term, and the tenant shall indemnify the landlord for any damage caused by the violation thereof; and the tenant shall not permit or suffer any noise, disturbances, or nuisances whatsoever on or about said premises that may be detrimental to same or annoying to the public or to the other tenants of the market.

The tenant hereby further covenants and agrees during said term not to permit such stall or stand or other space hereby rented, to be used or occupied by any person other than the tenant for business or other purpose, nor sublet the same or any part thereof, or receive any benefit, money, or other valuable consideration for the granting or permitting the use or occupancy of said stall, stand, or other space by any person other than the tenant, and at the expiration of said term, the tenant will yield and deliver

up possession of the same to the landlord in as good condition as now, necessary wear and tear by the elements excepted.

And it is expressly agreed that if default be made in the payment of the rent or any part thereof, or if the tenant shall use said premises or any part thereof for any other purpose than for marketing foodstuffs and agricultural produce, or shall violate any other covenant or agreement contained in this lease, then in either case the said landlord shall have the right at its election to terminate this lease, on first giving to the tenant 3 days' notice of such election, to be served personally, or by posting a notice in some conspicuous place in or about the premises hereby let, or by mailing such notice to his last known residence, and the above-mentioned term shall thereupon cease at the expiration of the said 3 days, in the same manner and to the same effect as if that were the expiration of the original term of this lease, at which time the landlord shall have the right to enter upon and take possession of the premises and expel the occupant thereof.

It is agreed that the landlord will in no way be held accountable or liable by the tenant for loss sustained by tenant in case of fire, hurricane, theft, or other reasons beyond his control.

Should the premises be destroyed or so damaged by fire or otherwise as to become untenantable, this lease shall cease from the date of the fire or other cause.

The tenant will keep the premises in a clean and sanitary condition. All garbage and refuse shall be kept in containers for collection and removed daily. In the event this is not done, the management reserves the right to do so at the expense of the tenant.

Landlord reserves the right, on any day tenant fails to occupy said stall, to rent the same to some other user for that day, and any rent collected for such temporary use shall be retained by landlord, and such temporary rental shall in no wise relieve tenant of the obligation to pay in full rent hereinabove agreed upon.

The tenant hereby agrees to release and indemnify the landlord from liability arising out of the use of the landlord's premises, for property damage and/or personal injuries and/or death of any person caused by tenant or his agents.

Waiver by the landlord of any breach of this agreement shall in no way impair the right of the landlord to avail itself of any subsequent breach thereof.

FARMERS' MARKET, INC.

By _____
Landlord

_____
Tenant

Address _____

Telephone _____

Witness _____

Witness _____

99-Year Lease

It has been mentioned previously in this report that some markets are owned by a private corporation that leases facilities to tenants on a 99-year renewable basis. The tenants pay a rent sufficient to amortize the cost of the market over a period of about 20 or 25 years. After that they pay $1 a year for the lease plus an assessment to cover all operating expenses.

The following are some of the provisions that have been contained in this type of a lease:

1. The lessee, its successors or assigns is to have a lease on the premises with all the rights, privileges, easements, and appurtenances for a term of ninety-nine (99) years, with this lease being renewable for further terms of ninety-nine (99) years.

2. The lessee agrees to pay monthly rentals of a specified sum and annual rentals in the sum of $1. After the property is cleared of indebtedness monthly rentals are reduced to an amount necessary for operating costs.

3. The lessee pays the real estate taxes levied against the leased premises and in addition, all taxes, assessments, rates, charges, and levies general and special, ordinary and extraordinary, of every name, nature and kind whatsoever which may at any time and until the expiration of term and any extension or renewal thereof be taxed, assessed, charged, levied, or imposed upon the leased premises.

4. The lessee, if necessary, makes payments of taxes and charges in the name of the lessor.

5. The lessee is not required to pay any taxes growing out of any inheritance, transfer, or devise of the estate of the lessor nor any income tax levied or assessed specifically and directly against the rentals or payments received or receivable by the lessor.

6. The lessee, in addition to other taxes, assessments, rates, and charges to be paid, is to pay any legal charges or rental imposed, levied, or exacted by any lawful public authority for any use of any space or appurtenances on, under, or above any sidewalk, street, or alley adjacent to the premises.

7. Any rebates on taxes paid by the lessee shall belong to the lessee.

8. In the event any taxes and other charges are assessed against the entire market or a portion of it, including but in excess of the leased premises, making it necessary to apportion such taxes or other charges among the lessees or owners of the various lots included within the market, such taxes or other charges are apportioned among the several lessees or owners of the property against which such taxes or other charges are assessed.

9. In the event it is necessary to proportion taxes or other charges among the lessees, the lessee appoints the lessor its agent to pay such taxes or other charges and agrees to provide the lessor with funds therefor.

10. The lessee agrees during the continuance of the lease and at its own cost and expense to keep all buildings and other structures and facilities located upon the leased premises insured with responsible insurance companies satisfactory to the lessor, against loss and damage. All policies for insurance must provide that the loss shall be payable to the lessor, for the benefit of the lessor and the lessee as their respective interests may appear and shall be delivered to and held by the lessor.

11. In the event of damage to or destruction of any building or appurtenance on the leased premises by fire or other casualty, the lessee agrees to repair or reconstruct the same to a condition at least equal to or better than its former condition or to the condition in which the same should have been at the time of the casualty within a period of eight (8) months from the date of such damage.

12. Upon the occasion of any damage or destruction, the lessee shall forthwith present to the lessor plans, specifications, and estimates covering the repair or reconstruction of the property and in the event the net proceeds of such insurance then in the hands of the lessor or available to the lessor for rebuilding or reconstruction are not, in the sole discretion of the lessor, sufficient to repair or reconstruct the damage or destroyed property, the lessee will promptly pay to the lessor such additional sums as are necessary. In case the lessee fails or neglects to so pay such additional sums to the lessor, then the lessor may, but no obligation is hereby imposed upon it so to do, supply and pay such additional sums and any additional sums so advanced with interest thereon shall become additional rental due from the lessee to the lessor.

13. The funds so received by the lessor and available for the purpose of such repair or reconstruction shall be disbursed upon the lessee's written orders, accompanied by estimates or certificates of an architect or engineer satisfactory to the lessor certifying that the amounts herein specified are due to the persons or firms therein designated for actual cost of labor, materials, contractors' and architects' charges incidental to said repair and reconstruction and also certifying to the proper application of the amounts previously disbursed on similar estimates or certificates and the amount still required to be disbursed in order to fully complete and pay for such repair or reconstruction.

14. In the event the lessee fails or neglects to begin the work and repair or reconstruction within one (1) month following the date of the casualty or fails to complete the work within eight (8) months following the date of the casualty, the lessor shall have the right to direct and take full charge of the application of or itself to use the funds in its hands available for such repair and reconstruction.

15. When such repair or reconstruction has been completed free from all liens and charges and provided the lessee shall not then be in default in the performance of any of its obligations under the lease, any funds remaining in the hands of the lessor and received by it for the purpose of such repair or reconstruction shall be paid to the lessee.

16. In the event of damage or destruction to insured property the lessor may accept any loss adjustment that may be agreed upon between the lessee and the insurer.

17. In no event shall any damage to or destruction of buildings or to the improvements located upon the leased premises operate to terminate the lease or affect the obligations of the lessee.

18. To the extent that property required to be insured under the lease is a unit in or a part of one complete structure, the lessor may require such structure to be insured as a whole, in which case the lessee constitutes the lessor its agents for the purpose of acting for the lessee and other owners or lessees of other portions of such building in the procuring of insurance required.

19. In the event of the insurance of the entire building the lessee agrees to pay its proportion of premiums.

20. The lessee agrees to maintain at all times the buildings and improvements in good condition and repair.

21. The lessee agrees not to remove, alter, rebuild, or change the unit or building without the written consent of the lessor.

22. The lessor agrees to keep all market streets, alleys, and pavements, sewer, water, electric light, and gas mains, telephone conduits, in good repair and to replace or rebuild such general improvements when they become defective, inactive, or obsolete.

23. The lessor shall have the right of access to the leased premises for the purpose of maintaining improvements used and intended for general service.

24. The lessee agrees to reimburse the lessor for the expense of the lessor in fulfilling the above obligations to the extent of the lessee's proportion of such expense and agrees to pay to the lessor the lessee's proportion of any and all taxes, assessments and charges levied or imposed upon the streets or alleys in the market, its proportion of the cost of any indemnity or other insurance covering the same which the lessor in its discretion may procure to indemnify the lessor and/or the lessees in the market against claims for personal injury or otherwise, and its proportion of the cost of the management, supervision, and operation of the market including the cost of intercommunicating telephone service, and street cleaners, watchmen, and other employees of the lessor employed or engaged for the common benefit of the lessee and other lessees in the market.

25. The lessor shall furnish water and electric current to the lessee for which the lessee agrees to pay monthly the usual rate charged to other lessees or owners in the market which shall not exceed the rate charged for similar service by a public service company but no default by reason of accident to machinery or equipment, needful repairs, renewals or improvements, strikes, fire, or any other cause beyond the reasonable control of the lessor shall entitle lessee to claim any damages or rebate of rent.

26. The lessee agrees not to assign his lease nor sublet the whole or any part of the leased premises without the written consent of the lessor.

27. If the lessee shall default in any rental payments or in the performance of other obligations after written notice the lessor shall have the right to re-enter the leased premises and to eject the lessee therefrom.

APPENDIX E

Operating expenses for 27 wholesale markets from which usable financial statements were obtained, by items, 1952 1/

Items	Expenses of market								
	I	II	III	IV	V	VI	VII	VIII	IX
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Personal services 1/	28,600	24,400	27,700	34,900	35,500	29,100	20,400	27,100	19,400
Travel and per diem	2,000	500	2,300	1,700	600	500	700	700	1,000
Advertising and promotion	2,000	1,700	300	600	600	500	200	300	400
Office supplies	600	600	600	1,100	1,200	1,200	700	600	500
Telephone and telegraph	600	600	600	600	600	500	700	200	400
Insurance	4,700	800	3,000	3,300	2,500	3,700	1,200	5,000	1,800
Utilities	2,500	3,000	5,800	3,600	4,200	10,300	1,200	3,700	2,300
Legal and auditing	1,100	-	2,900	5,900	-	5,100	400	300	500
Real estate tax	26,600	-	7,100	33,450	-	21,200	9,800	-	6,300
Maintenance and repairs	2,200	800	4,000	8,300	4,000	5,400	3,200	8,400	9,000
Street cleaning	11,400	6,500	6,300	12,000	-	8,600	6,300	8,700	8,600
Miscellaneous	300	300	500	1,700	5,700	900	500	600	1,000
Total	82,600	39,200	61,100	107,150	54,900	87,000	45,300	55,600	51,200
	X	XI	XII	XIII	XIV	XV	XVI	XVII	XVIII
Personal services 1/	26,000	24,000	32,000	42,600	9,700	18,700	26,900	17,800	12,500
Travel and per diem	1,500	1,200	700	1,000	300	300	100	100	100
Advertising and promotion	600	600	1,200	2,000	-	-	-	-	-
Office supplies	600	500	600	1,200	100	400	200	300	300
Telephone and telegraph	600	700	500	500	200	500	200	800	200
Insurance	2,600	-	300	3,200	500	500	500	700	300
Utilities	3,000	1,500	-	2,200	1,400	900	500	3,000	300
Legal and auditing	2,500	-	700	-	-	-	-	-	-
Real estate tax	-	-	-	-	-	-	-	-	-
Maintenance and repairs	6,000	5,000	-	2,700	600	100	700	1,100	700
Street cleaning	10,000	5,500	-	14,000	800	900	1,200	1,100	1,200
Miscellaneous	1,000	400	300	400	600	600	100	400	-
Total	54,400	39,400	36,300	69,800	14,200	22,900	30,400	25,300	15,600
	XIX	XX	XXI	XXII	XXIII	XXIV	XXV	XXVI	XXVII
Personal Services 1/	9,200	15,200	9,400	13,600	10,500	10,300	18,700	23,400	6,600
Travel and per diem	100	700	100	2,000	300	500	500	500	100
Advertising and promotion	1,100	-	900	800	200	1,000	1,100	800	300
Office supplies	300	300	200	300	400	300	300	400	1,300
Telephone and telegraph	200	100	100	600	300	200	600	600	400
Insurance	800	900	600	600	700	1,300	500	900	-
Utilities	400	-	-	200	500	900	1,100	800	800
Legal and auditing	-	-	-	600	500	800	-	600	100
Real estate tax	-	-	-	300	12,000	4,100	-	1,000	-
Maintenance and repairs	-	-	-	1,100	700	1,600	1,800	1,100	1,000
Street cleaning	600	1,000	600	-	1,000	1,300	1,700	2,000	-
Miscellaneous	200	300	200	1,500	300	1,700	800	500	300
Total	12,900	18,500	12,100	21,600	27,400	24,000	27,100	32,600	10,900

1/ Some information on operating expenses was obtained, and used in this report, from markets not included in this table. There were a number of reasons for this. For example, a new market might have made a contract for street cleaning and it was possible to use it in estimating the costs of cleaning streets, but the market had not been in operation long enough to have any data on the cost of maintenance and repairs or some other items. Another market's operations might be so involved with activities not directly chargeable to the cost of operating the market that it was impossible to classify many of its expenses according to the classification used in the report, but some items were useful in making estimates. Expenses for some of the smaller markets are not shown. While the table shows actual operating expenses for markets, in most cases it was necessary to reclassify them because markets do not have a uniform way of keeping books. For example, salaries and wages for cleaning the streets might be included under *personal services* and not under *street cleaning* as they are in this table. Most markets find ways of getting assistance in paying for part of their expenses. The city furnishing police or cleaning the streets is an example. The market might obtain real estate tax exemption or the occupants of the facilities might pay part of the taxes. Insurance might be borne by the market entirely or partly by the building tenants. No adjustment is made in this table for these things as it is in some sections of the report.

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